FIVE STAR

Business Finance Limited

Guardedly Optimistic

Annual Report 2023 - 24

Note: Across this report, the word 'Five Star' refers to 'Five-Star Business Finance Limited.'

Forward-looking statement

In this Annual Report we may have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

Board of Directors

Lakshmipathy Deenadayalan
Anand Raghavan
Srinivasaraghavan T T
Bhama Krishnamurthy
Ramkumar Ramamoorthy
Thirulokchand Vasan
Vikram Vaidyanathan*
Ravishankar G V*

Key Managerial Personnel

Rangarajan Krishnan, Chief Executive Officer
Srikanth Gopalakrishnan, Chief Financial Officer
Shalini Baskaran, Company Secretary

Statutory Auditors

S R Batliboi & Associates LLP
6th Floor, A Block, Tidel Park,
No:4, Rajiv Gandhi Salai,
Taramani, Chennai - 600 113

Secretarial Auditors

S Sandeep & Associates
No: 5, Flat No: 10, 2nd Floor, Sucons Padmalaya, Venkatnarayana Road, T.Nagar, Chennai - 600 017

Internal Auditors

Sundaram & Srinivasan
23, C P Ramaswamy Road,
Alwarpet, Chennai - 600 018

Registrar Agents and Transfer Agents

KFin Technologies Limited (Unit: Five-Star Business Finance Limited)
Selenium, Tower B,
Plot No 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi - 500 032,
Telangana, India
Phone: 1800 309 4001
Email: einward.ris@kfintech.com

NSDL Database Management Limited
4th Floor, Trade World, 'A' Wing,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013
Phone: 022-4914 2597
Email: sachin.shinde@nsdl.co.in

Registered Office

New No 27, Old No 4,
Taylor's Road, Kilpauk,
Chennai - 600 010
CIN: L65991TN1984PLC010844

** Resigned w.e.f April 30, 2024*

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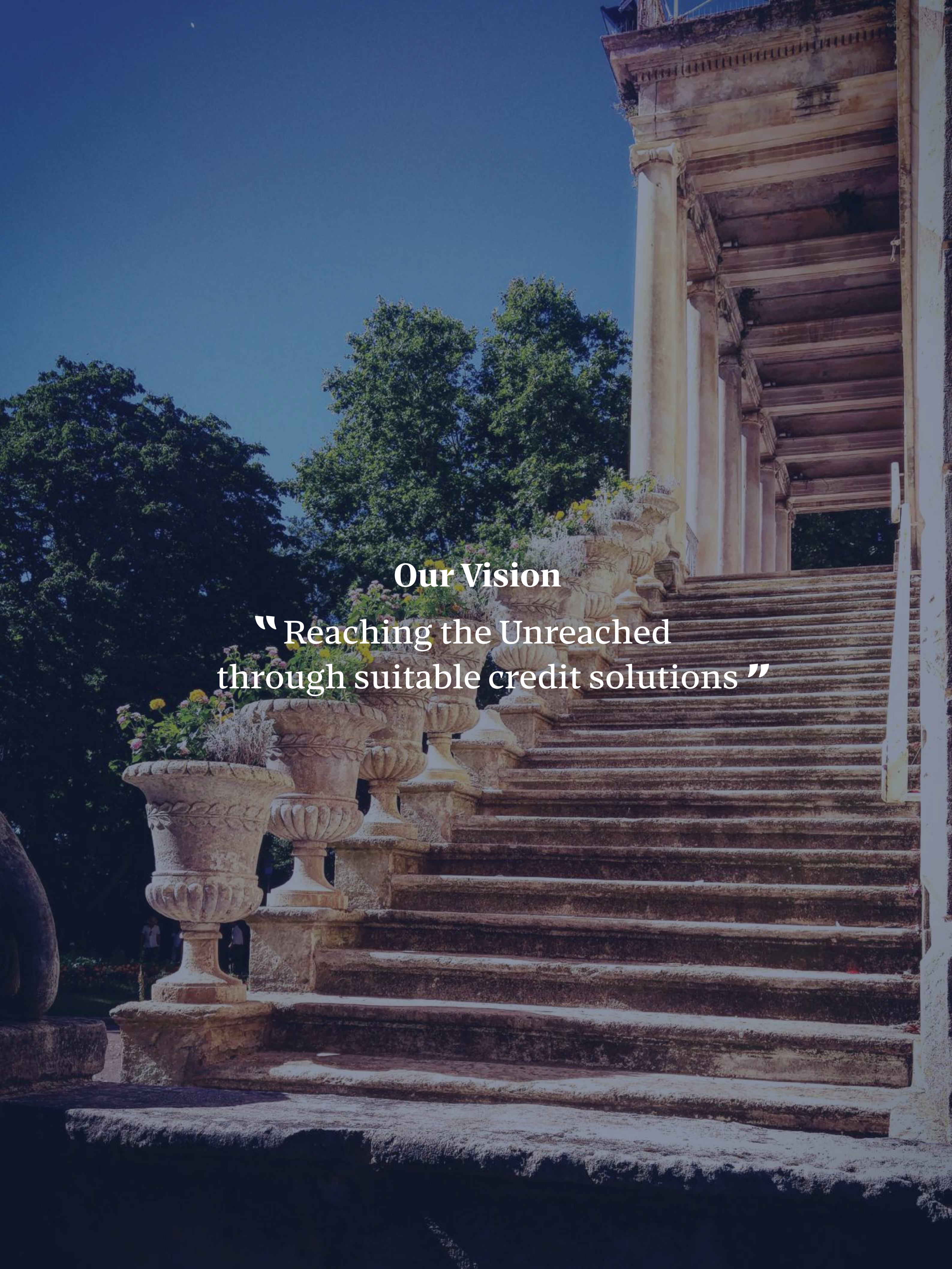


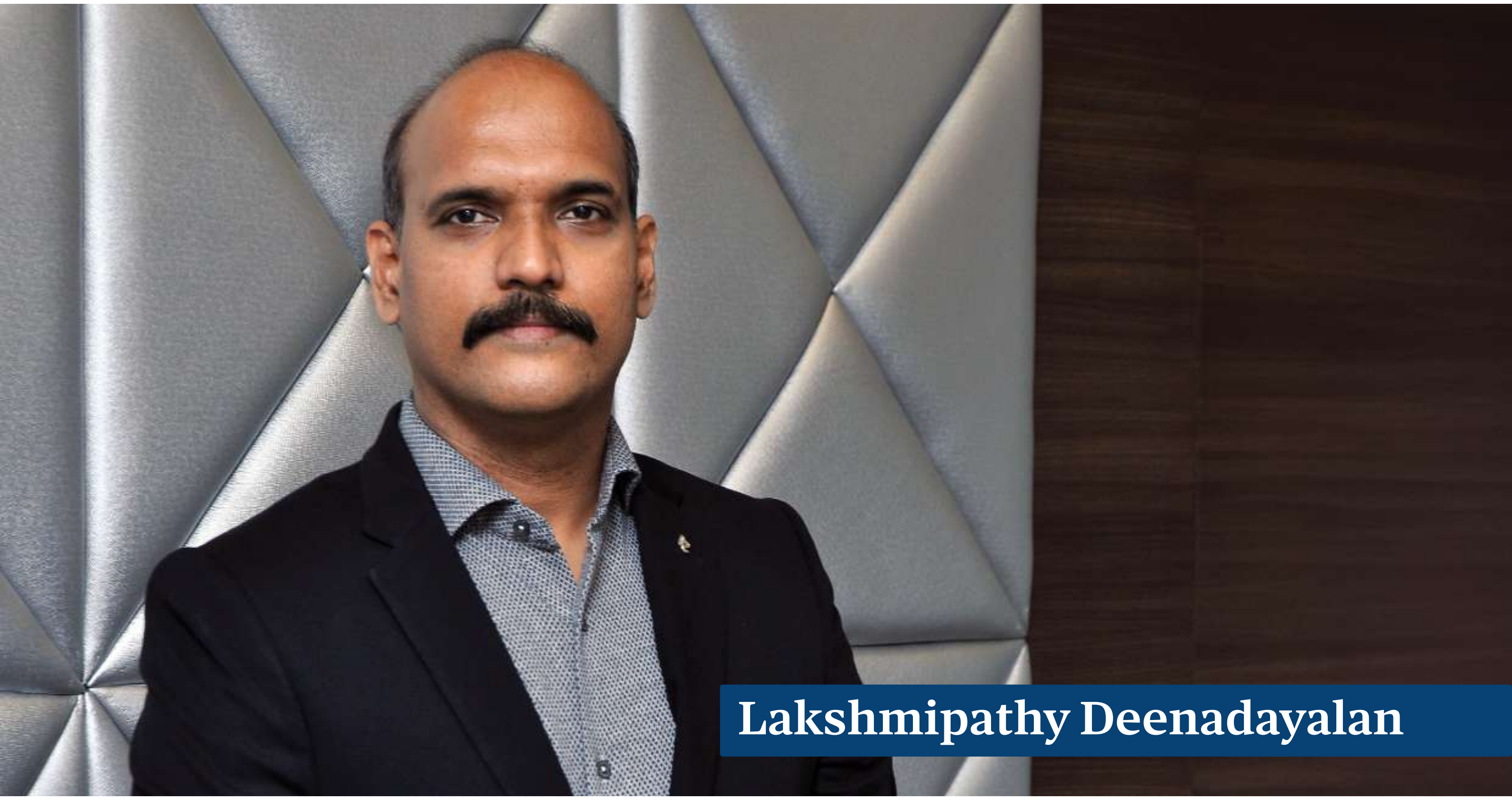
Our Vision

" Reaching the Unreached
through suitable credit solutions "

Our Mission

"Provide appropriate credit solutions to the hitherto unreached segment of the market by developing a niche underwriting model, built towards evaluating the twin strengths of the borrowers' intention to repay and ability to repay, with the ultimate objectives of increasing customer satisfaction and maximising stakeholder returns"

Chairman's Message



Dear Shareholders,

Another year has passed and it's that time of the year when I get to share my thoughts and feelings about the year that has just passed, with all of you. Another year, which had its crests and troughs for not just your company, but for the entire financial services industry.

As you would all recall, your company was listed on the bourses in November 2022 and we have successfully seen 6 quarters as a listed entity. And I can proudly say that your company has delivered on its promises – across the three aspects of Quality, Profitability, and Growth. We have one of the best asset quality across the entire industry, we continue to remain very profitable and we have also clocked a robust growth during this financial year.

This year has also seen a much larger regulatory involvement – RBI has been extremely proactive, has been cautioning banks and financial institutions to have a contained growth strategy, refrain from completely relying on algorithmic lending models, have a robust risk management strategy in place and also remain well-capitalized to manage the risks that may possibly arise in the future. They have issued Master Directions on Scale Based Regulations, Master Directions on Information Technology for banks and NBFCs, they have also enhanced the capital to be maintained on certain types of loans, and thereby been quite active in providing a regulatory framework to maintain the health of the sector. Being a compliance first company, I am very happy to say that your company has already complied with the guidelines that have been stipulated by the regulator and we do not see any major impact of these pronouncements on our operations.

Before I get into talking about the operational and financial metrics that we were able to achieve during FY2023-24, I wanted to share few of my general thoughts with all of you.

When I start ruminating on the year that just went by, 4 thoughts dominate my thinking.

1. Fundamental strength of the business model – To achieve success in a lending business, it is extremely important to have a fundamentally strong business model. The business model should have been time-tested and thereby capable of withstanding even the fiercest onslaughts that may get thrown at it. As you would all be aware, your company started providing secured loans to small business customers and self-employed individuals about 2 decades back. The first 10 years of operating in this product saw us grow our portfolio from Nil to about 100 Cr, and this pace of growth on such small bases would be unheard of in today's scenario. But I would say that this is probably the most important phase for your company, for it is during this period that we implemented the basic tenets of the business and underwriting models and got to see their success. It was during this phase that the seeds were sown, well watered, well nourished with necessary minerals and manure, and thereby grew to become a tall tree that it is today. It was also a phase of intense learning for us – we learnt what to do and what not to do, how the borrowers would behave at various points of time, and we fine-tuned the model based on all these learnings. This has helped us achieve robust growth in the years thereafter.

2. Right people, in the right roles, at the right point of time – What I have also learnt over the last many years is that right people are needed in the right roles at the right time to achieve strong growth. However strong the business model be, the right team is needed to translate the same into action. When we decided that we had a strong business model, we embarked on getting the right people, both at the execution level and at the management level, to frame appropriate strategies for your company and also execute those strategies. Today, I can proudly say that we have one of the best management team to frame strategies and one of the most efficient execution team that can execute these strategies to perfection and the results are there for all to see – one of the best asset quality coupled with strong growth and robust profitability for the last many years.

3. Strong Governance / Compliance first culture – As I had already stated above, your company follows a compliance-first culture. We give utmost importance to right governance and compliance. Not just compliance with the letter of law, we also strive to ensure compliance with the spirit of law. Compliance with regulations is very important in my view because it ensures an ecosystem where everyone can operate and strive to excel. Even if few institutions fail to comply with the regulations, it can cause a contagion effect which will also have detrimental results to all other players within the ecosystem. Hence, I am of the firm belief that every institution ought to put governance and compliance as one of their topmost priorities.

4. Guardedly Optimistic approach – Despite having a near perfect business model and one of the best teams, it would be catastrophic if we embark on a strategy of extremely exuberant growth at all times. Different times demand different strategies and it would only augur well if we keep the times in mind before drawing up our strategies. If we had chosen to grow during Covid throwing caution to the winds, we certainly would have landed up in a mess. Optimism is necessary but it should not be unbridled optimism. We should forever be on our guard without giving up optimism in our thoughts. Giving up optimism and turning markedly pessimistic is completely against entrepreneurial spirit and we will never be able to achieve our objectives. When we can have the right mix of safety and positivity, I am sure we will able to scale great heights.

I am of the firm belief that your company had all these ingredients in the right proportion and that is the reason for your company's success over the last many years. We have had our highs and lows but neither did we give up our guard when success embraced us nor did we lose our optimism when failures crossed our way.

On the operational and financial fronts, FY2024 has been a strong year, akin to FY2023. During this year, your company continued to clock strong results across the various operational and financial metrices.

- Disbursal of over 4,881 Crores along with the borrower base quite close to 4 lakhs during the year.
- Your company also saw its portfolio growth registering an increase of ~39% during the year i.e. growing from 6,915 Crores to 9,641 Crores.
- Growth in Profit after Tax (PAT) from 603 Crores to 836 Crores, an increase of about 39%.
- NPA of 1.38% as against 1.36% in FY2023 – this is after implementation of revised IRAC norms, which has not had any major impact on the quality of your company's assets.

Every year, it is my practice to quote a verse from Thirukkural, a work that has inspired me immensely. In this verse, the divine poet Thiruvalluvar, talks about how we should go about our plans.

தெரிந்த இனத்தொடு தேர்ந்தெண்ணிச் செய்வார்க்கு
அரும்பொருள் யாதொன்றும் இல்.

For those who, before they act, reflect well on their plan and its consequences, thoroughly deliberate the matter on hand themselves and with their chosen friends, there is nothing that is considered too difficult.

This is what I consider as a guardedly optimistic approach, which incidentally is the theme of this year's annual report. Especially when we are going through a time when there have been a number of regulatory pronouncements, both prescriptive and advisory, it is better to stay on our guard than exhibit irrational exuberance; at the same time, if we deliberate and consider the pros and cons of every action that we are to embark on, nothing would prove to be too difficult for us.

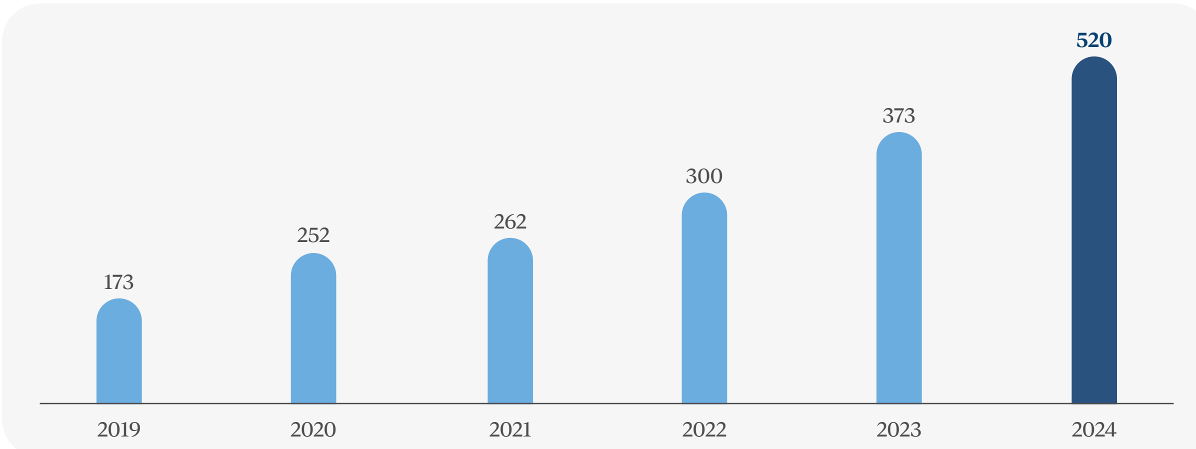
I would also like to take this opportunity to thank all the stakeholders of your company -

a. Employees, who are the backbone of your company;
b. Shareholders, who have been reposing their confidence in the management day-in and day-out;
c. Lenders, who have been the providers of critical raw material for your company;
d. Directors, who, through their experience and expertise, have been providing timely guidance;
e. Auditors, who act as our conscience-keepers;
f. All other industry stakeholders like the rating agencies, regulatory bodies, who have been of immense support.

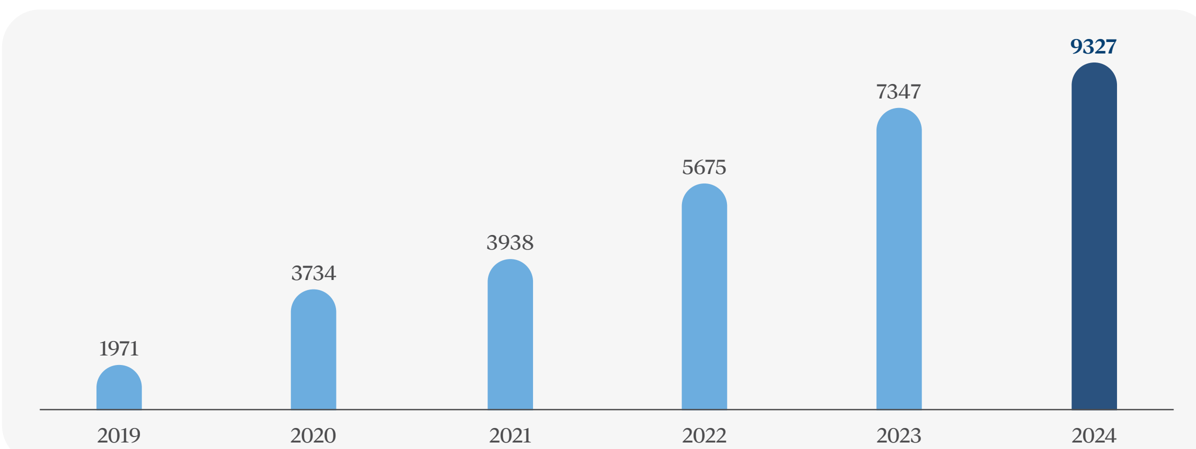
I look forward to continued support from all of you. With a strong business model, a great team and the right strategy in place, I am very confident that me and my team will continue to keep the flag of Five Star flying high in the years to come.

Best Wishes
Lakshmipathy Deenadayalan
Chairman & Managing Director

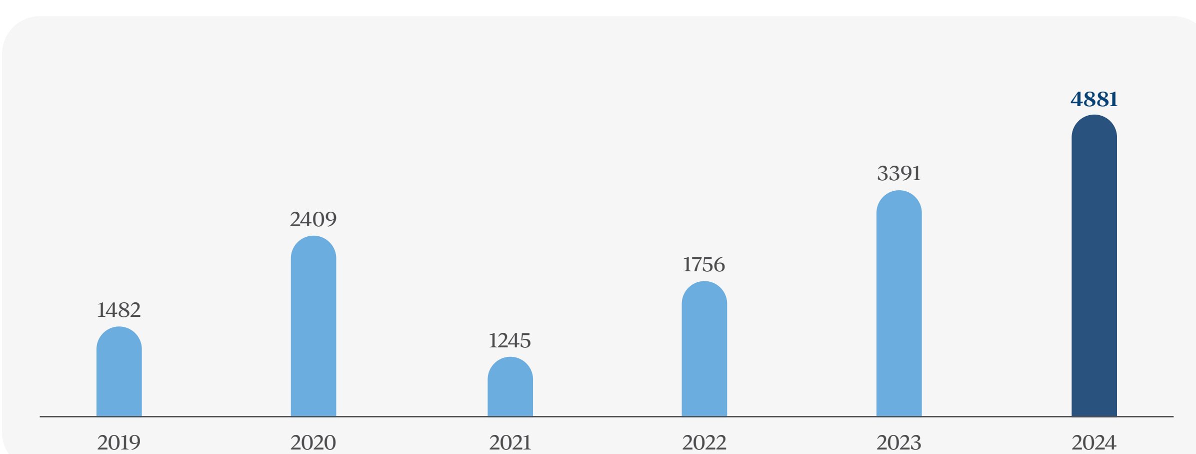
Business Highlights



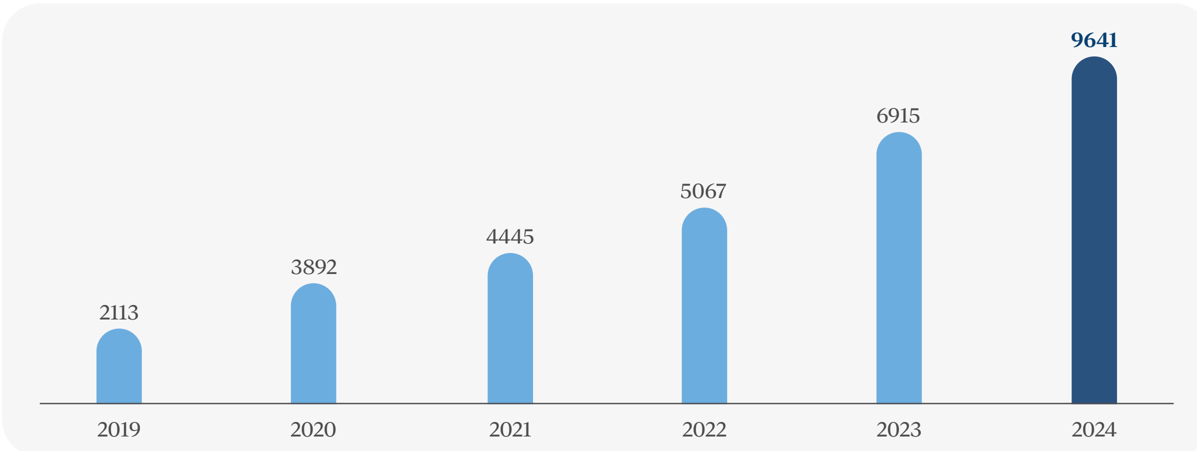
Branches



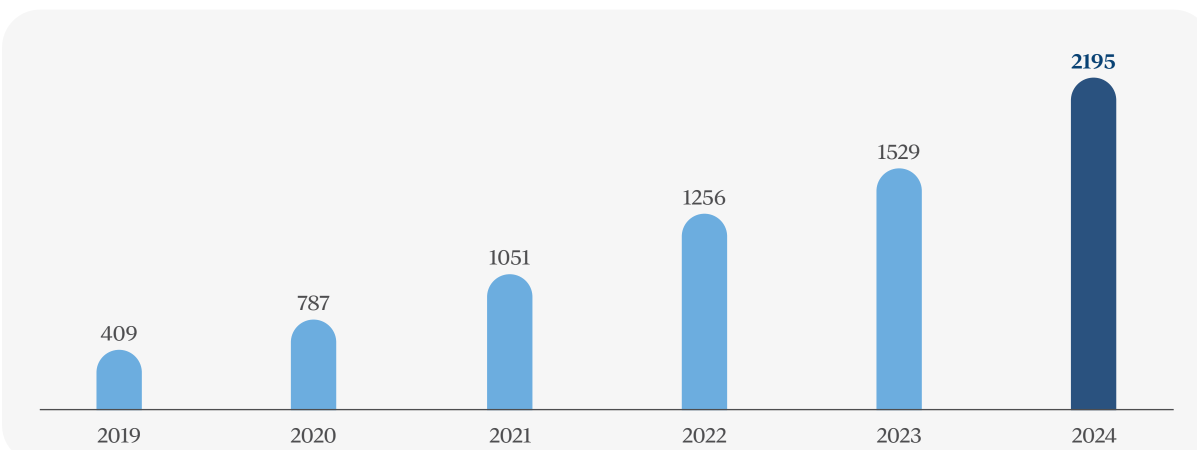
Employees



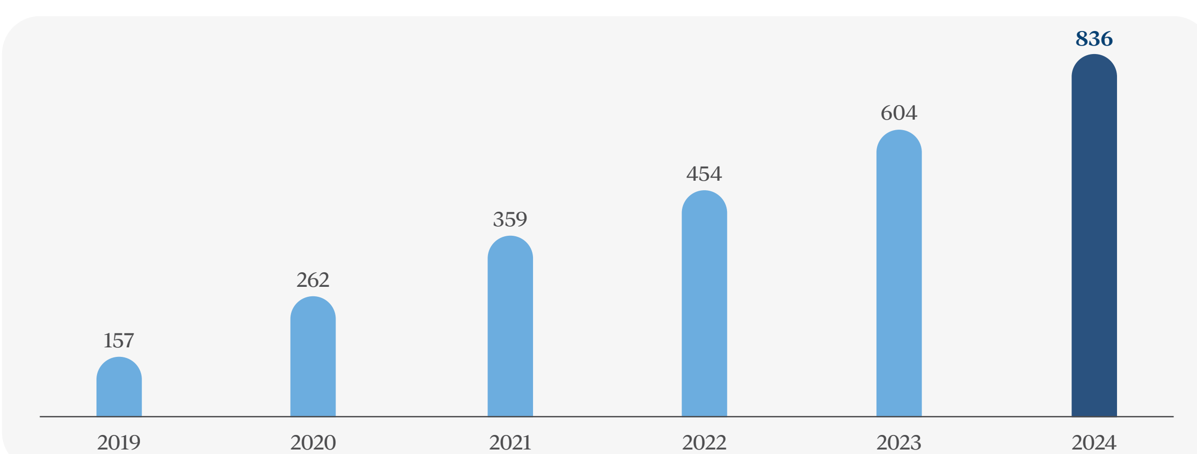
Loan Disbursement



Loan Portfolio

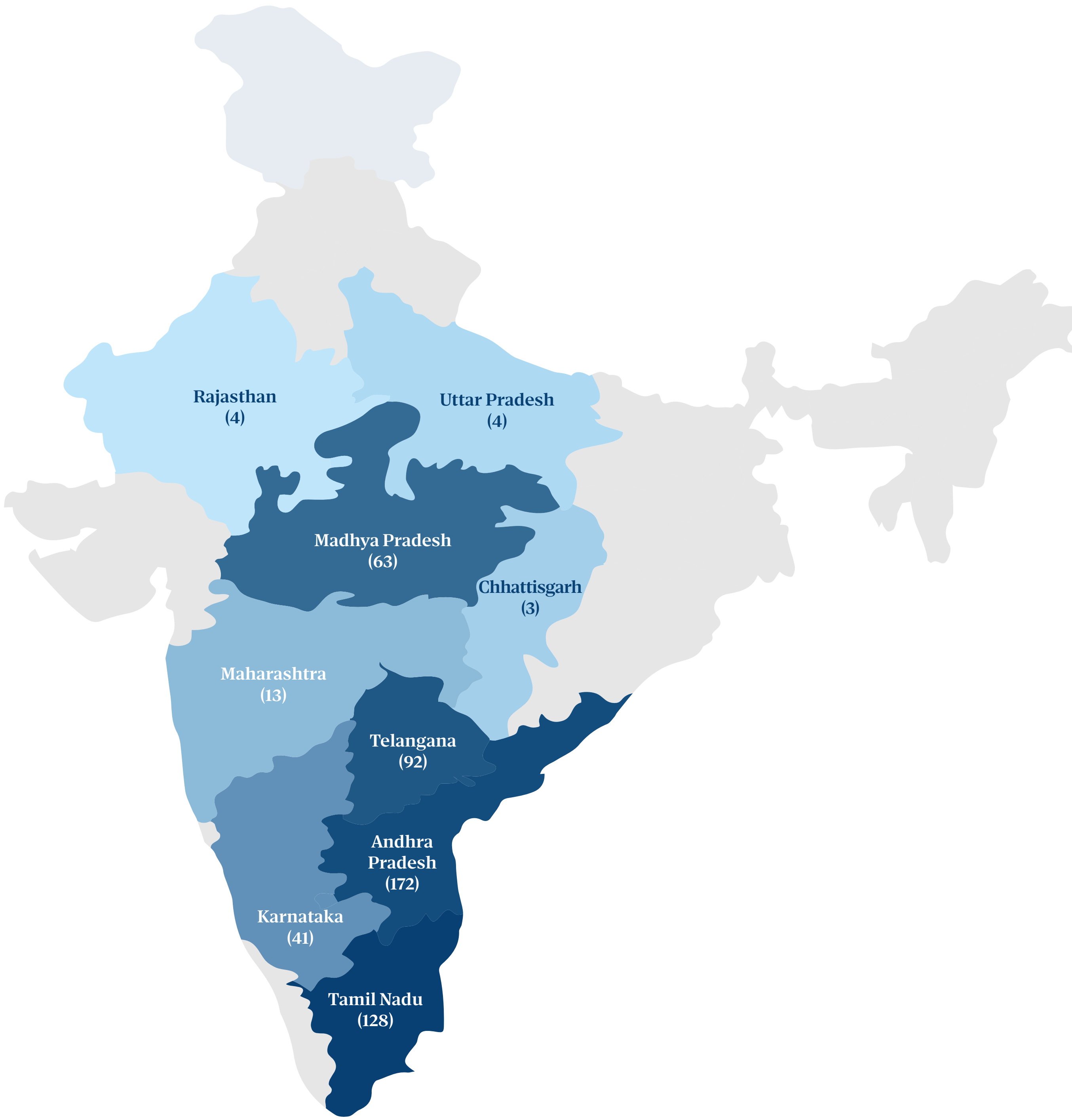


Revenue



Profit after Tax

Branches



Rajasthan
(4)
Uttar Pradesh
(4)
Madhya Pradesh
(63)
Chhattisgarh
(3)
Maharashtra
(13)
Telangana
(92)
Andhra
Pradesh
(172)
Karnataka
(41)
Tamil Nadu
(128)

Lending Relationships

Banks	NBFCs
AU Small Finance Bank	A K Capital
Axis Bank	Aditya Birla Finance Ltd
Bandhan Bank	Bajaj Finance Ltd
Bank of Baroda	Cholamandalam Inv & Fin Co Ltd
Bank of India	NABARD
Bank of Maharashtra	Nabkisan Finance
Canara Bank	Nabsamruddhi Finance
Central Bank of India	Poonawalla Finance
CITY UNION BANK	Tata Capital
DBS Bank India Limited	
DCB Bank	
Deutsche Bank	
Equitas Small Finance Bank	
Federal Bank	
HDFC Bank	
HSBC	
ICICI Bank	
IDFC First Bank	
Indian Bank	
IndusInd Bank	
Karnataka Bank	
Kotak Mahindra Bank	
KVB	
Punjab National Bank	
Qatar National Bank	
RBL Bank	
South Indian Bank	
State Bank of India	
Swedfund International AB	
Ujjivan Small Finance Bank	
Union Bank of India	
Utkarsh Small Finance Bank	
YES Bank	

Corporate Social Responsibilty

Five Star is committed to being a socially responsible corporate and furthering the lives of common people through its CSR initiatives. The Company has identified 3 areas as focus points for its CSR spends:

1. Livelihood – Contribution towards livelihood improvement activities, alleviation of hunger, helping the needy get the right skills to further their lives, etc.
2. Healthcare – Contribution towards providing the right healthcare to the needy people who do not have the means to afford such services.
3. Education - Contribution towards providing good quality education to the needy people.

With the support of right partners, the Company has been providing assistance to needy and deserving people in the areas enumerated above with a view to ensure that equal opportunities are provided to such people so that they are able to hold their heads high and lead a dignified life in the society.

Project 1

Partner Name - Ramakrishna Student Home

About: Founded in the year 1905 with the blessings of Revered Swami Ramakrishnananda Maharaj, a direct disciple of Sri Ramakrishna, it is a branch of the Ramakrishna Mission and administered by the monks of the Ramakrishna Order. Students Home (Gurukula) provides free school and technical education, food, clothing, shelter, and medical care to around 650 orphan and destitute boys.

Project Objective: Education and Maintenance of 300 Orphan Polytechnic Students staying and studying in the Chennai branch of Ramakrishna Mission Student Home.

Project 2

Partner Name - Maithree Foundation

About: MAITHREE is a movement of the parents and by the parents of children with special needs endeavoring to provide a secure future to Children/Persons with special needs. Founded in the year 1994 by providing education to 3 children with special needs, Maithree has impacted the lives of more than 3000 families till date.

Project Objective: Financial Support to Education of 100 children and Skilling of 75 Young Adults with special needs with Intellectual and Development Disability (PwIDD) for One Year.

Project 3

Partner Name - Thirumalai Charity Trust

About: Thirumalai Charity Trust (TCT) was set up in 1970 with an intention and a vision to support the communities they worked in. In the early years, TCT supported health and education projects sponsored by reputed institutions in Mumbai and Chennai. TCT began its service in Tamil Nadu in 1983, with a medical centre at Thiruvalam, Vellore (then the North Arcot District). In 1988, based on this experience, the trust started a community based health and development project with women volunteers from the local area and community based management of all programmes.

Project Objective: Construction of a Hospital Building at Ranipet which will have adequate facilities for accident/trauma care, critical care, surgeries, in-patient beds and research. Specialized areas of care would include a comprehensive coverage of pediatric and geriatric community health.

Project 4

Partner Name - M S Swaminathan Research Foundation

About: The M S Swaminathan Research Foundation (MSSRF) was established in 1988 as a not-for-profit trust. MSSRF was envisioned and founded by Professor M S Swaminathan and the Foundation aims to accelerate use of modern science and technology for agricultural and rural development to improve lives and livelihoods of communities.

Project Objective:

1. For setting up a Lab towards "Every Child a Scientist" program launched by MSSRF with an aim of inculcating scientific temper in students of corporation schools. The major learning from this program includes learning science by doing, digital teaching/learning of STEM (Science, Technology, Engineering & Mathematics) concepts by customizing the teaching modules that incorporates both elements of standard school syllabus and science content.
2. Fellowship program to create a cadre of young woman and men to work on the proven scientific pathways and the fellows are expected to foster discussions and collaborations that advance the principles of evergreen revolution and sustainable agriculture, promote food security, and address SDG goals.
3. Setting the foundation for basic education and enhanced learning, health and livelihoods of Scheduled Irular Tribal families in Parangipettai block of Cuddalore district, Tamilnadu

Project 5

Partner Name - United Education and Social Welfare Trust

About: United Education and Social Welfare Trust was founded in 1995 with an aim to bring smile on every face and promote wellness to the weaker section of the community through the transformation of education, health, livelihood and environmental programs. Their vision is to rehabilitate underprivileged people through endless efforts.

Project Objective: To Provide Food to around 110 orphans, disabled people and elderly.

Project 6

Partner Name - All the Children

About: All the Children is a social improvement organization based in Tamil Nadu, assisting 70 children, 50 elders and 5 special children by helping them gain access to government assistance projects for education, health care, business, and women's empowerment.

Project Objective:

Purchase of Double Decker Cots to 100 Orphan and intellectually challenged children.

Project 7

Partner Name - Akshaya Trust

About: Akshaya Trust has been dedicated to serving destitute, senior citizens through provision of shelter, nutritious food, and medical care. Currently, they operate five homes in Mudichur, Pallikaranai, Valasaravakkam, Pallavakkam, and Vellappanchavadi, housing over 225 senior citizens at no cost.

Project Objective: The Severe Cyclonic Storm Michaung had caused significant damage to their Valasaravakkam unit, where around 50 Elders lost their bedding, appliances, supplies, and medicine etc. Funding was provided to refurbish their Old Age Home completely and provide lift facility to the inmates.

Project 8

Partner Name - India Vision Institute

About: India Vision Institute (IVI) is an independent, not-for-profit registered trust established in 2012. They provide vision screenings across India, work on providing timely intervention in disadvantaged communities and remote areas.

Project Objective:

1. Conduct comprehensive Vision/Eye Screening for the marginalised communities and School children from Government Schools, identify refractive errors and provide spectacles as may be needed.
2. Mobile Eye Health Van (MEHV) to provide access to Advanced Eye Health for Underserved communities in Chennai

CSR

Project 9

Partner Name - Samabhavana Foundation

About: Samabhavana was founded with the objectives of ensuring Environmental Health Safety, Child Protection, Diversity, and Non-Discrimination of stigmatized and marginalized people. Samabhavana has formed partnerships to work on projects related to Education, Health, Vocational Skills Development and Livelihood.

Project Objective:

For setting up Five Mini Science Centre (STEM Lab) at Government Schools. These labs help revolutionize science and Mathematics education and make learning accessible.

Project 10

Partner Name - All India Movement Seva

About: Started in the year 2000 by PujyaSwami Dayananda Saraswati, AIM for Seva's mainstay is rural education with the flagship programme being Chatralayam. Their efforts are directed towards educating rural India, across Karnaprayag to Kanyakumari with over 190 projects, touching the lives of over 20 million individuals.

Project Objective:

Helping to transform the future of thousands of tribal rural students, through the following programs.

1. Education expenses for 36 Girl students of Dayatirtha Chatralayam, Ambur
2. Construction of Compound Wall of Boys Chatralayam, Uttar Pradesh
3. Installation of Solar Power, smart class, tables, chairs etc for the students of Government School, Sembankudi & Theni

Project 11

Partner Name - Swami Vivekananda Medical Mission

About: Swami Vivekananda Medical Mission is a registered Charitable trust registered in 2004, and aims to serve the backward sections of the population. The activities of the mission have hence ranged from medical relief to education, women's empowerment and eradication of social evils like alcoholism.

Project Objective:

Running Expenses of Diagnostic Centre at Shenoy Nagar, Chennai.

Project 12

Partner Name - Sri Arunodayam Charitable Trust

About: Arunodayam is a home in Chennai for abandoned children with intellectual disabilities (ID). They currently house 110 children with intellectual disabilities.

Project Objective:

1. Skill Development Centre for persons with disabilities in remote villages which would help address mental, psychological, physical, emotional and social development.
2. Rehabilitation on Wheels for the persons with disabilities in the remote villages.

Project 13

Partner Name - Rehoboth

About: Founded in the year 1998 and for over 25 years, Rehoboth has been working to uplift the lives of destitute women, who are mentally and differently abled. Rehoboth shelters only destitute women and most of their residents are picked up from the streets.

Project Objective:

Purchase of Rescue Vehicle, School Van & Ambulance to help and support the 300 destitute women who are mentally challenged and for children with special needs. The Rescue Vehicle will help transportation of the mentally challenged women; the Ambulance will provide transportation of these women to the various hospitals in case of any treatment or medical emergencies; School Van will help to transport the children with special needs to the special school.

Project 14

Partner Name - Tamil Nadu Hope Public Charitable Trust

About: The trust was founded in the year 2007 and they have been rendering services to children, women and Persons with Intellectual Disability and Autism.

Project Objective:

Construction of Residential Home for orphan children with intellectual disability & Autism, where students will be given residential care and skill training for their independent living.

Project 15

Partner Name - Tamil Nadu Differently Abled Federation Trust

About: Tamil Nadu Differently Abled Federation Charitable Trust, Chennai is a registered non-profit social service organization working for the welfare of the disabled. It was formed in the year 2000 by disabled persons for the disabled and is catering to the multifarious needs of more than 16 lakhs of disabled people in the state.

Project Objective:

"Stand Without Legs" Bunk Shell shop (Small Petty shop) to physically disabled to create livelihood for their families to lead a respectful life in the society.

Project 16

Partner Name - Akshaya Patra Foundation

About: The Akshaya Patra Foundation is an independent charitable trust implementing Government of India's PM POSHAN Initiative (formerly the Mid-Day Meal Scheme) to solve at scale the overarching societal issues of classroom hunger and malnutrition in the country. Since the year 2000, they have endeavored to reach out to children with wholesome mid-day meals every school day by leveraging technology and effectively harnessing the potential of the Public-Private Partnership (PPP) model.

Project Objective:

Purchase of 1 vessel washer Machine (400 VPH) & steam generator (50 kg) to wash the utensils used to serve food for around 58,000 students in Pondicherry

Board of Directors

Lakshmipathy Deenadayalan
Chairman & Managing Director

RMC SRC CSR BRC ITC CSC ALCO

Lakshmipathy hails from a business family and joined the Company as a Director in 2002. He pioneered the concept of providing secured loans to Small Business Customers and has been instrumental in building a portfolio of INR 10,000 Crores, without any compromise on the pace or quality of growth over the last 2 decades. He was appointed as the Managing Director of the Company in 2012 and continues to be the Managing Director fully involved in all strategic and operational decisions.

Anand Raghavan
Independent Director

ACM NRC RMC CSR

Chartered Accountant with over 30 years of experience occupying senior positions in Sundaram Finance and Ernst & Young LLP. His specializations include NBFC Regulations, Corporate Tax and Foreign Investment.He is also a director on the Boards of Muthoot Microfinance, Shriram Life and SK Finance.

Bhama Krishnamurthy
Independent Director

ACM NRC RMC CSR

She has over three decades of experience in Financial Services with a sparkling career in Small Industries Development Bank of India (SIDBI). She served as Chief General Manager of SIDBI. Her other directorships include CSB Bank, CIFCO, and Muthoot Microfinance.

Srinivasaraghavan T T
Independent Director

RMC CSC

Graduate in Commerce and holds an MBA degree from the Gannon University, Pennsylvania. He began his career as a banker, before moving to Sundaram Finance in 1983, where he spent almost 4 decades including 18 years as its Managing Director. He is also on the Boards of Sundaram Finance, Sundaram Home and RK Swami.

Committee Indications

ACM - Audit Committee

NRC - Nomination & Remuneration Committee

RMC - Risk Management Committee

CSR - Corporate Social Responsibility Committee

Ramkumar Ramamoorthy
Independent Director

RMC SRC ITC

Associated with Cognizant India for over 22 years, before retiring as Chairman and MD, responsible for the company's India operations. Prior to joining Cognizant, Ramkumar worked for Tata Consultancy Services. He is now a Partner at Catalincs, a strategic advisory firm that helps small tech companies scale and grow.

Ravishankar G V *
Non-Executive Director

ITC

G V Ravishankar is a Managing Director at Peak XV Partners. He has also worked at McKinsey in the capacity of an advisor to management teams of top Indian Companies. He had also worked at Wipro prior to McKinsey, where he helped several venture-backed networking start-up clients on a wide variety of issues. He has a Masters in Business Administration from Indian Institute of Management (IIM), Ahmedabad where he was awarded the President's Gold Medal.

Vikram Vaidyanathan *
Non-Executive Director

ACM NRC BRC

Vikram is a MBA graduate from IIM Bangalore, and interned at Procter & Gamble, Singapore. He joined McKinsey & Co. after his MBA and worked across a variety of sectors including mobile media, TV, retail, engineering construction and manufacturing. Currently Vikram is a Managing Director at Z47 (Formerly known as Matrix Partners).

Thirulochand Vasan
Non-Executive Director

SRC BRC CSC

Thirulokchand is a Hotel Management Graduate with over 17 years of experience in the Hospitality business. His areas of expertise include Team Management, Customer satisfaction and Process Optimization.

** Resigned w.e.f April 30, 2024*

Committee Indications

ITC - IT Strategy Committee
BRC - Business & Resource Committee
ALCO - Asset & Liability Committee
CSC - Customer Service Committee
SRC - Stakeholder's Relationship Committee

Directors' Report

Directors' Report

Your directors have the pleasure in presenting the 40th Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2024. The summarised financial results of the Company are presented hereunder:

INR in crores

Particulars	FY 2023 - 24	FY 2022 -23
Total Revenue from Operations	2,195.10	1,528.93
Less: Total Expenses	1,079.16	724.19
Profit before tax	1,115.94	804.73
Tax expense	280.01	201.24
Profit after tax	835.92	603.50
Other comprehensive income	(1.77)	(2.21)
Total comprehensive income	834.15	601.29
Asset under management^	9,640.59	6,914.83

^ Loan portfolio on gross basis

Your Company has adopted Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015.

Company Overview

Your Company is a non-deposit taking Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India and is a NBFC – Investment and Credit Company (NBFC-ICC). Your Company has been classified as a NBFC in Middle Layer under the Reserve Bank of India (Non- Banking Financial Company - Scale Based Regulation) Directions dated October 19, 2023, as amended from time to time.

Your Company has been listed on the National Stock Exchange of India Limited and BSE Limited since November 21, 2022.

Review of Operations

Your Company provides secured financial solutions to a vital yet often overlooked segment: micro-entrepreneurs, small business owners, and self-employed individuals. Most of these borrowers often lack access to formal financial institutions and rely on informal lenders, friends, or family for their business and personal needs.

Recognizing the challenges of evaluating income for these borrowers, your Company has developed a proprietary underwriting model. This model assesses cash flow backed by robust monitoring and strong recovery mechanisms, enabling the Company to meet the credit needs of the borrowers effectively.

By providing access to financial services, your Company empowers these borrowers to graduate into the formal financial ecosystem. This transition allows them to benefit from potentially lower interest rates and manage repayments over convenient loan terms.

Your Company is committed to fair and transparent lending and collection practices and focussing on long-term partnerships with the borrowers, enabling them to repay their loans successfully.

The operating and financial performance of your Company has been covered in detail in the Management Discussion and Analysis report, which forms a part of this report. This year, your Company has achieved impressive results across key metrics, which are laid down below.

Operational Metrics

Disbursements

Your Company saw a strong growth in disbursements during the financial year ended March 31, 2024 marking a disbursement figure of INR 4,881.4 crores of loans as against INR 3,391.4 crores, registering a year-on-year (YoY) growth of 43.93%. The average ticket size as on March 31, 2024, stood at INR 3.42 lakhs as against average ticket size of INR 3.03 for the disbursals during year ended March 31, 2023. This growth is driven by branch expansion, increased demand, and a larger average ticket size.

Branch Metrics

Your Company follows a contiguous branch expansion strategy, which was continued in the current financial year as well. During the financial year ended March 31, 2024, your Company has added 147 new branches resulting in the branch network increasing to 520 from 373 during the previous financial year.

Your Company now operates in the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana, Madhya Pradesh, Maharashtra, Chhattisgarh, Uttar Pradesh and Rajasthan.

The details of branch network as of March 31, 2024 and compared against the previous financial year are given below:

States	No. of Branches	
	March 31, 2024	March 31, 2023
Tamil Nadu (including Pondicherry)	128	106
Andhra Pradesh	172	121
Telangana	92	59
Karnataka	41	33
Madhya Pradesh	63	44
Maharashtra	13	6
Chhattisgarh	3	3
Uttar Pradesh	4	1
Rajasthan	4	0
Total	**520**	**373**

Financial Metrics

During the financial year, your Company has reported a total revenue from operations of INR 2,195.10 crores, as against INR 1,528.93 crores with a growth of 43.57% over previous financial year. Profit before tax was at INR 1,115.94 crores as against INR 804.73 crores with a growth of 38.67% over the previous financial year. Profit after Tax was at INR 835.92 crores as against INR 603.50 crores with a growth of 38.51% over the previous financial year. The Company's net worth stood at INR 5,196.15 crores as on March 31, 2024 (INR 4,339.53 crores as of March 31, 2023).

The total loan assets under management as at March 31, 2024, increased to INR 9,640.59 crores from INR 6,914.83 crores during the previous financial year registering a growth of 39.42%.

Asset Quality

Your Company has a strong collection and proactive recovery management system that led to robust asset quality for the financial year ended March 31, 2024, with Gross Stage 3 Assets of 1.38%, which is one of the best amongst companies operating in this customer segment. The strong asset quality is a testimony to your Company's business model, rigorous underwriting norms, strong execution capability and the never-say-no attitude of an amazing team. The Company is in compliance with daily DPD recognition and revised upgradation norms issued by RBI vide their circulars on Prudential Norms on Income recognition and Asset classification dated November 12, 2021 and February 15, 2022.

Your Company's assets have been classified into various stages based on expected performance, after taking all applicable regulatory guidelines into account. Exposure at Default (EAD) is the total amount outstanding including accrued interest as on the reporting date. For the year ended March 31, 2024, your Company reported Gross Stage 3 Assets and Net Stage 3 Assets (under the revised Income Recognition and Asset Classification norms) of 1.38% and 0.63% respectively as against 1.36% and 0.69% respectively in the previous financial year.

Prospects

The Indian credit market holds immense potential, particularly for lending to micro-entrepreneurs and self-employed individuals who lack access to formal financial channels. The CRISIL report on market potential, available as part of the Offer documents of your Company, pegs this demand at 22 trillion. Your directors are confident that the knowledge/experience gained so far in this segment will augur well towards building a robust portfolio.

A more detailed industry and Company outlook, along with other operational aspects, can be found in the Management Discussion and Analysis report forming part of this Annual Report.

Resource Mobilization

Your Company's overall borrowing is guided by a policy duly approved by the Board of Directors. Your Company has vide special resolution passed on September 16, 2023, under Section 180 (1)(c) of the Act, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid up share capital and free reserves of the Company up to an amount of INR 8,000 crores.

Your Company manages its borrowings structure through a prudent Asset - Liability Management. This approach includes diversifying funding sources, optimising loan tenors and strategically planning borrowing timings to maintain optimal borrowing costs.

During the financial year, your Company continued to broaden its funding base by securing term loans from banks, carrying out Securitisation transactions and also issuing Secured Non-Convertible Debentures through private placement. Your Company has also successfully added four new lenders to our funding network. All these were done with the twin objectives of achieving diversification in funding sources and maintaining an optimal cost.

Your Company's approach towards borrowings (outlined above) has yielded positive results. The weighted average cost on the overall borrowing book (including securitization transactions) decreased to 9.71% as of March 31, 2024, compared to 10.12% in the previous financial year. As of the same date, your Company's funding sources consisted primarily of term loans from banks and financial institutions (77%), followed by Securitization (17%), Non-Convertible Debentures (5%) and External Commercial Borrowings (1%).

Term Loans: During the financial year, your Company has availed fresh borrowings aggregating to INR 3,929.12 crores, including fresh Term Loans from Banks and Financial Institutions of INR 3,139.95 crores. The outstanding total borrowings as at March 31, 2024 were INR 6,315.84 crores. The weighted average tenure of fresh loans raised during the financial year under review was around 62 months.

Securitization: Your Company has actively tapped the Securitization (PTC) market, which has enabled it to create liquidity, reduce cost of funds and minimize asset liability mismatches.

During the year, your Company has securitised receivables worth INR 656.49 crores for a sale consideration of INR 584.17 crores. These Securitisation transactions were carried out in line with RBI guidelines on Securitization of Standard Assets and accounted in line with Indian Accounting Standards.

Debentures: During the financial year, your Company has made fresh issuance of Debentures amounting to INR 205 crores. Further, Your Company has been very prompt in payment of its interest and principal obligations for the financial year ended March 31, 2024, and has complied with all the disclosure requirements stipulated under SEBI (LODR) Regulations, 2015.

Commercial Paper (CP): Your Company has not issued any Commercial Paper and Short-Term Instruments during the financial year ended March 31, 2024.

Statutory and Regulatory Compliances

Your Company is committed to adhering and complying with all applicable directions, regulations, provisions, guidelines and prudential norms set forth by the Reserve Bank of India, SEBI (LODR) Regulations, 2015, Companies Act, 2013, Foreign Exchange Management Act (FEMA), 1999, Income Tax Act, 1961 and the rules and regulations framed thereunder.

Your Company has complied with all the applicable provisions of Secretarial Standards issued by Institute of Company Secretaries of India in respect of meetings of the board of directors and general meetings held during the financial year ended March 31, 2024.

Credit Rating

During the financial year, credit rating of your Company has been upgraded to AA- (Double A Minus) with Stable outlook by CARE Ratings Limited. ICRA and India Ratings & Research Private Limited had already upgraded their credit ratings to AA- (Double A Minus) towards the end of the previous financial year.

As of March 31, 2024, your Company's borrowings enjoy the following ratings from ICRA, CARE, India Ratings & Research and CRISIL.

Rating Agency	Instrument	Rating
ICRA	Bank Facilities	ICRA AA- (Stable)
	Non-Convertible Debentures	ICRA AA- (Stable)
	Securitization	ICRA AAA (SO) / AA+ (SO) / AA (SO)
India Ratings & Research	Bank Facilities	IND AA-/Stable
	Non-Convertible Debentures	IND AA-/Stable
CARE	Long term Bank Facilities	CARE AA-; Stable
	Long term/Short term Bank facilities	CARE AA-; Stable / CARE A1+
	Commercial Paper	CARE A1+
CRISIL	DA under PCG Scheme of GoI	CRISIL AAA (SO)

Change in Nature of Business

There was no change in the nature of business of your Company during the financial year ended March 31, 2024.

Dividend

Your Directors have decided not to recommend any dividend for the financial year ended March 31, 2024, and the profit for the year will be ploughed back into the business.

Dividend Distribution Policy

Your Company has adopted a Dividend Distribution Policy outlining the framework for considering dividend payouts to shareholders of the Company. This policy considers various internal and external factors evaluated by the Board. The policy is available on our website at https://fivestargroup.in/investors/.

Transfer to Reserves

Your Company transferred a sum of INR 167.18 crores to the statutory reserve as required under the Reserve Bank of India Act, 1934.

Deposits

Your Company is a non-deposit taking Company. The Company has not accepted any public deposits during the financial year ended March 31, 2024.

Capital Adequacy Ratio

Capital Adequacy Ratio of your Company as at March 31, 2024 stood at 50.50%, as against the minimum requirement of 15% stipulated by Reserve Bank of India.

Your Company has carried out an Internal Capital Adequacy and Assessment Process (ICAAP) and is adequately capitalized as per the assessment.

Share Capital

During the financial year, your Company has allotted 64,060 fully paid -up equity shares under Five-Star Associate Stock Option Scheme 2015 and 10,19,040 fully paid -up equity shares under Five-Star Associate Stock Option Scheme 2018.

The Company has only one class of equity shares and the authorised share capital of the Company as on March 31, 2024, was INR 55,00,00,000 divided into 55,00,00,000 equity shares of INR 1 each. The subscribed, issued and paid-up capital as on said date is 29,24,49,220 equity shares of INR 1 each.

Subsidiaries, Joint Ventures, Associate Companies

Your Company does not have any Subsidiary/Associate/ Joint Venture Company. Also, during the financial year, your Company has not formed/incorporated/become a Subsidiary/Associate/ Joint Venture Company.

Related Party Transactions

Your Company has in place a policy on related party transactions as approved by the board and the same is available on the website of the Company at https://fivestargroup.in/investors/.

All transactions with related parties that were entered into during the financial year were on arm's length basis and in ordinary course of business. There were no materially significant transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company. There were no contracts or arrangements entered into with related parties during the year to be disclosed under sections 188(1) and 134(3)(h) of the Companies Act, 2013 in form AOC 2. All proposed transactions with related parties were placed before the audit committee for prior approval at the beginning of the financial year/quarter. The details of transactions so entered with related parties were placed before the audit committee for review on a quarterly basis.

Employee Stock Option Schemes

During the financial year, the Company has framed a new ASOP scheme viz. Five Star Associate Stock Option Scheme 2023 (ASOP 2023) pursuant to the approval of Shareholders at the Annual General Meeting held on September 16, 2023. Presently, Company has the following ASOP schemes:

1. Five-Star Associate Stock Option Scheme 2015 (ASOP 2015)
2. Five-Star Associate Stock Option Scheme 2018 (ASOP 2018) and
3. Five Star Associate Stock Option Scheme 2023 (ASOP 2023)

The Company has not made any material changes to the aforesaid schemes during the financial year ended March 31, 2024. Pursuant to Regulation 12(1) of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the ASOP 2015 and ASOP 2018 Schemes were ratified at the shareholders meeting of the Company held on September 16, 2023.

The ASOP schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SEBI (SBEB) Regulations) and the Companies Act, 2013.

A certificate from secretarial auditor M/s Sandeep & Associates, Practicing Company Secretaries confirming implementation of ASOP schemes in accordance with SEBI (SBEB) Regulations and shareholders resolutions obtained, will be placed before the shareholders at the Annual General Meeting.

In terms of Regulation 14 of SEBI (SBEB) Regulations, the disclosures with respect to ASOP 2015, ASOP 2018 and ASOP 2023 have been provided on the website of the Company at https://fivestargroup.in/investors/.

Annual Return

The Annual Return in form MGT 7 referred to in Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Regulation 62(1)(K) of the SEBI (LODR) Regulations, 2015 is available on the website of the Company at https://fivestargroup.in/investors/.

Particulars of Loans, Guarantees or Investments

The Company being an NBFC, the disclosures regarding particulars of loans given, guarantees given and security provided is exempted under Section 186(11) of the Companies Act, 2013. With regard to Investments made by the Company, the details are provided in note no. 7 of the financial statements.

Material Changes Affecting the Financial Position of the Company

There are no material changes and commitments having an adverse bearing on the financial position of the Company between March 31, 2024, and the date of this report.

Information as per Section 134(3)(m) of the Companies Act, 2013

The provisions related to conservation of energy and technology absorption under Section 134(3)(m) of the Companies Act, 2013 do not apply to our Company as your Company is not a manufacturing entity. However, Your Company is committed to increasing the use of information technology and promoting resource conservation in its operations.

During the financial year ended March 31, 2024, the Company incurred foreign currency expenditure of INR 385.65 crores with no foreign currency earnings.

Information as per clauses (xi) and (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the financial year ended March 31, 2024.

The Company has not entered into any one-time settlement with its lenders during the financial year ended March 31, 2024, and therefore the requirements of clause (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014 are not applicable.

Significant and Material Orders passed by the Regulators or Courts or Tribunals

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company's and its future operations.

Agreements binding on listed entities

There are no agreements between shareholders, promoters, related parties, directors, or employees, either amongst themselves or with the Company, impacting management control, restrictions or liabilities that require disclosure to Stock Exchanges. This includes agreements with the listed entity, holding companies, subsidiaries, or associates.

Risk Management

Your Company understands the importance of effective risk management. Your Company has implemented robust risk management policies, systems, and processes to manage credit, operational, market (interest rate and liquidity), and reputational risks. This includes:

Underwriting Measures: Your Company utilizes various measures during the underwriting process to assess risk, such as requiring multiple applicants/co-applicants, credit bureau checks, field investigations using the "3 Cs" approach i.e. assessing the Character, Cashflow, Collateral, multiple verification layers, prudent loan-to-value ratios, conservative debt service capacity analysis, and thorough legal document reviews. All these processes help your Company assess both the intention and the ability of the borrower(s) to repay.

Risk Management Committee (RMC): The RMC oversees risk assessment and minimization procedures, ensuring that the executive management controls risk through a defined framework. The RMC also reviews credit and portfolio risk management and operational and process risk management. Your Company has a Chief Risk Officer responsible for identifying, measuring, and mitigating risks, as well as informing the Board, committees, and management of potential risks.

Asset Liability Committee (ALCO): The ALCO ensures liquidity and interest rate risks are managed within established limits.

Continuous Improvement: Your Company's risk management framework is dynamic and adapts to evolving risk perceptions.

Human Resource Development

Attracting and Retaining Top Performers: Your Company's success hinges on the quality and expertise of its workforce. Attracting, retaining, and fairly compensating talented professionals are core elements of your Company's business strategy. Your Company leverages a strong Management team with deep industry expertise, complemented by an enthusiastic execution team at the branch level who consistently deliver exceptional results.

Optimizing Staff Strength for Growth: Your Company meticulously studied customer acquisition, credit delivery, collection processes, and staff strength of similar NBFCs to optimize our staffing levels. This analysis considered differences in business models and resulted in streamlined regional and branch staffing, adding personnel in critical functional areas as needed.

Investing in People: Your Company invests heavily in employee development through training programs for frontline sales, marketing, credit, and other staff, including KYC and FPC certifications. Your Company also offer a mix of on-the-job and off-the-job training opportunities.

Competitive Compensation and Benefits: Your Company has benchmarked its compensation packages against market standards to attract and retain the talent needed to propel its future growth. This focus ensures securing high-calibre professionals for both middle and senior management positions, as well as branch personnel. As of March 31, 2024, your Company had 9,327 employees across branches, regional offices, and the head office.

Board of Directors

Your Company boasts a well-diversified Board in terms of experience and expertise. The Board members are accomplished individuals with a proven track record of competence and integrity. They are highly committed to your Company and dedicate ample time to Board meetings and preparation.

The Board of Directors comprises 8 (eight) directors, including 4 (four) Independent Directors (one of whom is a woman), 3 (three) Non-Executive Directors, and 1 (one) Executive Director (Chairman & Managing Director), as of March 31, 2024. Details on the Board composition are provided below:

Name of the Director	Designation	DIN
Lakshmipathy Deenadayalan	Chairman & Managing Director	01723269
Anand Raghavan	Independent Director	00243485
T T Srinivasaraghavan	Independent Director	00018247
Bhama Krishnamurthy	Independent Director	02196839
Ramkumar Ramamoorthy	Independent Director	07936844
G V Ravishankar	Non-Executive Director	02604007
Vikram Vaidyanathan	Non-Executive Director	06764019
Thirulokchand Vasan	Non-Executive Director	07679930

Changes in Board during the Financial Year

During the financial year, Mr Thirulokchand Vasan, Non-Executive Director (DIN 07679930), retired by rotation and being eligible offered himself for reappointment in the last Annual General meeting of the Company held on September 16, 2023.

There were no appointment/resignation or change in designation of directorships during the financial year ended March 31, 2024.

Changes in Board after the Financial Year

Mr Vikram Vaidyanathan (DIN: 06764019), non-executive Director representing Matrix Partners India Investment Holdings II, LLC and Mr G V Ravishankar (DIN: 02604007), non-executive director representing Peak XV Partners Investments V stepped down from their Directorship w.e.f April 30, 2024. Details relating to their resignations are available on the website of the Company https://fivestargroup.in/investors/ and stock exchanges viz www.bseindia.com and www.nseindia.com.

Director Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, not less than one-third of the total number of retiring directors should retire by rotation, at every Annual General Meeting. For the purpose of this section, the total number of directors to retire by rotation shall not include Independent Directors.

As per provisions of Section 152(6) of the Companies Act 2013, Mr Thirulokchand Vasan (DIN: 07679930) would retire by rotation and being eligible offered himself for re-appointment at the 40th Annual General Meeting of the Company.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules made there under, the following employees are the whole- time key managerial personnel of the Company as on March 31, 2024:

a. Mr Lakshmipathy Deenadayalan, Chairman and Managing Director (DIN: 01723269)
b. Mr Rangarajan Krishnan, Chief Executive Officer
c. Mr Srikanth Gopalakrishnan, Chief Financial Officer
d. Ms Shalini Baskaran, Company Secretary

There are no changes in the composition of Key Managerial Personnel between the financial year end date and the date of this report.

Declaration from Independent Directors

Pursuant to Section 149(7) of the Companies Act, 2013 read along with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR) Regulations, 2015, the Company has received necessary declarations/ disclosures from each of the Independent Directors of the Company stating that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and that he/she has a valid certificate of registration for his/her enrollment into the data bank for Independent Directors.

In the opinion of the Board of Directors, the Independent Directors of your Company satisfy the necessary attributes as to integrity, experience (including proficiency) and high levels of skill and expertise.

Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and Directors Appointment, Remuneration and Evaluation Policy, the Board carried out an annual evaluation of its own performance, performance of all the directors individually including the Chairman and the performance of its committees.

A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration and Evaluation Policy. The said policy is available on the website of the Company at https://fivestargroup.in/investors/. The performance evaluation of the Independent Directors was carried out by the entire Board. The Independent Directors at their separate meeting held during the year have evaluated and reviewed the performance of the Non- Independent Directors as well as the Board's overall performance in terms of the quantity, quality, and timeliness of information exchanged between the Management and the Board. The board evaluation process was conducted in a secured digital mode.

Internal Financial Controls

Your Company has a robust internal financial control framework with clear policies and procedures to ensure the highest standards of integrity, transparency, and corporate governance. Internal Financial Controls of your Company are designed to:

- Ensure orderly and efficient business conduct, including adherence to policies.
- Safeguard assets.
- Prevent and detect fraud and errors.
- Maintain accurate and complete accounting records.
- Ensure timely preparation of reliable financial information.

The Company has established clear delegations of authority and standard operating procedures across all functions. These controls are reviewed periodically at all levels. Risk and control matrices are also regularly reviewed, and control measures are tested and documented. These practices ensure the adequacy of our internal financial controls in relation to the scale of operations of the Company.

An independent consulting firm assists the Company in developing and periodically updating risk control metrics, test plans and independent testing procedures to evaluate the effectiveness of the controls. The findings of the consulting firm are presented to the Audit Committee.

Your Company has also built a strong Internal Audit mechanism, where audits are done on regular basis by both in house Internal Audit team and External Internal Auditors of the Company.

The Audit Committee of the Company regularly reviews and monitors systems, internal controls, risk management measures, accounting procedures, financial management and operations of the Company and also the findings and recommendations presented by the Internal Audit team and External Internal Auditors as part of their periodic reports.

Auditors and Auditor's report

Statutory Auditors

M/s S R Batliboi & Associates LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a period of three consecutive financial years at the Extraordinary General Meeting held on March 11, 2022 till the conclusion of the 40th Annual General Meeting. The term of M/s S R Batliboi & Associates LLP will expire in the forthcoming 40th Annual General Meeting.

Pursuant to Section 139 of the Companies Act, 2013 read with guidelines on appointment of Statutory Auditors issued by Reserve Bank of India dated April 27, 2021, the Board of Directors have proposed to appoint M/s Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Company for a period of three consecutive financial years viz. 2024-25, 2025-26, and 2026-27 (i.e from the conclusion of the 40th AGM till the conclusion of the 43rd AGM) and recommended the same to the shareholders for approval. The Company has received a confirmation letter from the M/s Deloitte Haskins & Sells that they are not disqualified and are eligible to hold the office as Auditors of the Company, if appointed.

Statutory Auditors Report on Financial Statements

The statutory audit report is annexed with the financial statements and forms a part of this report. The report indicates a clean audit with no qualifications, reservations, adverse remarks, or disclaimers.

Fraud Reported by Auditors

There were no instances of frauds reported by the auditors during the financial year ended March 31, 2024 under Section 143(12) of the Companies Act, 2013.

Audit Trail Reporting

Effective April 1, 2023, Sections 128 and 143(3)(j) of the Companies Act, 2013 rule 3(1) of Companies (Accounts) Rules, 2014 and rule 11(g) of Companies (Audit and Auditors) Rules, 2011 require the auditor of a Company to report whether the accounting software used by the Company to maintain books of account has an audit trail feature. The auditors report shall report on 4 aspects:

1. Whether the accounting software used by a Company has a feature of recording audit trail (edit log) facility
2. Whether the same has been operated throughout the year for all transactions recorded in the software
3. Whether the audit trail feature has not been tampered with
4. Whether the audit trail has been preserved by the Company as per the statutory requirements for record retention (this is effective from April 1, 2024)

An audit trail is a chronological, date, and time-stamped record of a specific transaction from the time its entry is made in the accounting software through various changes to it. Your Company has 2 software in respect of which audit trail reporting becomes applicable – the accounting software and the customer loan management software.

Your Company uses Oracle Fusion as its accounting software and Finnone Neo as its Customer Loan Management software. Both these are very well acclaimed software; Oracle Fusion is used by many players for their General Ledger requirements, both in the financial services industry and outside. Finnone Neo is an LMS that is used by large NBFCs and banks to manage their loan portfolios. These software come with lots of in-built controls to ensure that the transactions made reflect the financial and loan positions accurately.

This is the first year when we have implemented Oracle Fusion, and this is managed by a third-party software service provider. As stated in the Auditors Report, the accounting software used for maintaining books of account has a feature of recording audit trail (edit log) facility and this has operated throughout the year for all relevant transactions recorded in the software. The Auditors have also not noted any instances of the audit trail feature having been tampered with at the application level. Further, the accounting software is operated on a SaaS (Software as a Service) model and hence it is completely managed by a third-party vendor. The database for this application is managed by Oracle and any change to the database can be done only using a service request to third party vendor support team, and no such requests were made by your Company employees during the year. So, neither do they have any option to edit the database in any manner nor have they raised any request for editing the same; however, the Service Organisation Controls report provided by the third-party service provider did not comment specifically on the audit trail feature being enabled at a database level. Due to this, the auditors have stated that they are unable to comment on the enablement and non-tampering of audit trail feature at a database level. The Management is in discussion with the third-party service provider to clearly report on the audit trail feature for the database in their Service Organisation Controls report going forward.

In respect of the customer loan management software, while the software currently does not support the audit trail feature, the software contains the trail data of all the transactions carried out by individual users. Moreover, alternate controls such as no access to edit the database in any manner, restricted access to application masters, specific role-based access, maker-checker mechanism etc are also available to ensure no tampering of the system or data. Your Company shall ensure that we get the necessary features built into the loan management system so as to make it compliant from an audit trail perspective.

Notwithstanding the above, the Auditors Report does not contain any qualifications and they have also confirmed adequacy of Internal Financial Controls in your Company. As stated above, in line with maintaining high standards of compliance, your Company shall take steps to ensure that all the software used would meet the requirements of the guidelines in the forthcoming financial year.

Internal Auditor

To ensure the effectiveness of internal control systems, your Company maintains a robust internal audit system, combining an external audit firm viz. M/s Sundaram & Srinivasan, Chartered Accountants with an in-house team. This comprehensive approach ensures thorough review of all operations of the Company regularly. The audit teams regularly assess the adequacy of control measures and recommend improvements as needed.

The Audit Committee oversees the internal audit functions, scope of internal audit and reviews its effectiveness.

Secretarial Auditor

M/s S Sandeep & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2023-24, as required under Section 204 of the Companies Act, 2013 and rules made thereunder and Regulation 24A of SEBI (LODR) Regulations, 2015.

The secretarial audit report for the financial year ended March 31, 2024, forms part of this report as **Annexure A** and does not contain any qualification, reservation or adverse remarks.

Cost Records and Cost Audit

The provisions for maintaining cost records and undergoing a cost audit, as per Section 148(1) of the Companies Act, 2013 are not applicable to your Company's business activities.

Information Technology

Technology plays a vital role in every Company's business strategy and operations. In line with this, your Company has implemented a robust IT framework that supports seamless business processes across all functions—from sourcing, underwriting, loan approvals, disbursements, collections and back-office operations, providing a unique experience to all stakeholders along with high levels of security and privacy.

Your Company has made significant investments in technology and is committed to ongoing investments in technology, enabling higher levels of efficiency, effectiveness, regulatory compliance, competitive advantage and innovation. This includes deploying world-class software for all core operations of the Company and for frictionless scaling, leveraging third-party API infrastructure for digitization and interoperability, using data analytics and machine learning for underwriting and portfolio analysis in addition to building a robust credit scoring model, and investing in tools for appropriate business continuity and security. These initiatives have enabled us in making faster and more effective decisions, improved our customer engagement and shortened turnaround times.

Further, during the financial year ended March 31, 2024, your Company has implemented newer systems for Loan Origination and Underwriting, Accounting and General Ledger, Human Resources, Treasury and Compliance. These systems would help bring in enhanced operational efficiency, much more sophisticated financial reporting framework, automate the compliance structure, strengthen the HR Management systems, and bring in system-based controls & efficiencies to treasury operations.

As stated above, your Company would continue to make necessary investments in technology towards the following areas:

a. Deploying the most appropriate software and applications to drive higher automation and operational efficiencies, digitization of the value chain and enhanced user experience.
b. Leveraging data of high quality and integrity for analysing patterns and aiding strategic and operational decision making
c. Using newer digital technologies, including Machine Learning, AI and language models for customer scoring which will all aid in better risk management.

On the infrastructure part, the IT Strategy Committee of the Company has established comprehensive policies related to IT governance, asset management, business continuity, outsourcing, information security and cybersecurity, and incident management, among others. Given the heterogenous footprint of technologies and IT systems as well as integration of systems with external partners, the IT Strategy Committee periodically reviews the enterprise architecture for dependencies and interoperability and conducts regular vulnerability assessments and penetration testing to identify and minimize any internal or external threats. An independent information systems audit was also conducted during the year, the findings of which are elaborately discussed, and actions are taken within defined timelines.

Corporate Social Responsibility (CSR)

Your Company is committed to fulfilling its social responsibility obligations. Your Company has adopted a CSR Policy as mandated by the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the on the 'website of the Company at https://fivestargroup.in/investors/.

As per aforesaid provisions of the Companies Act, 2013, your Company was required to spend INR 12.71 crores towards CSR initiatives, representing 2% of the average net profits of the Company from the past three financial years. Your Company has exceeded this requirement by contributing INR 12.74 crores towards CSR during the financial year ended March 31, 2024.

The Annual Report on CSR activities for the financial year ended March 31, 2024, is attached as **Annexure B** to this Report.

Whistle Blower Policy and Vigil Mechanism

As per the provisions of Section 177(9) of the Companies Act, 2013, and Regulation 22 of the SEBI (LODR) Regulations, 2015, your Company has established a Vigil Mechanism and has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company. The said policy is available on the website of the Company at https://fivestargroup.in/investors/.

The Vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and directors and also provides direct access to the Chairperson of the Audit Committee in exceptional circumstances.

During the financial year, no complaints were received by the Company and no complaints are outstanding as on March 31, 2024.

Board and its Committees

During the financial year ended March 31, 2024, 8 (Eight) Board Meetings were held on April 19, 2023, May 09, 2023, July 29, 2023, August 16, 2023, October 31, 2023, February 01, 2024, February 29, 2024 and March 16, 2024, and not more than 120 days elapsed between any two meetings.

The details of composition of the Board and its Committees, terms of reference of the Committees and the details of meetings held during the financial year are furnished in the Corporate Governance Report.

Management Discussion and Analysis

A report on the Management Discussion and Analysis (MDA), highlighting the business-wise details is attached and forms part of this report as **Annexure C**.

Corporate Governance

Your Company is committed to upholding the highest standards of Corporate Governance, adhering to all relevant regulations. A report on Corporate Governance is enclosed and forms part of this report as **Annexure D**.

The Chief Executive Officer and the Chief Financial Officer have submitted a compliance certificate to the board regarding the financial statements and other matters as required under regulation 17(8) of the SEBI (LODR) Regulations, 2015.

A Certificate from a Practicing Company Secretary affirming the compliance of Corporate Governance norms as required under SEBI (LODR) Regulations, 2015 is annexed to the Corporate Governance report.

Business Responsibility and Sustainability Reporting

As per Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, the top 1,000 (one thousand) listed entities based on market capitalization shall attach a Business Responsibility and Sustainability Report (BRSR) with the Annual Report, describing the environmental, social and governance initiatives undertaken by the listed entities.

In line with this regulation, your Company has put together a BRSR report (along with an Environmental, Social and Governance (ESG) report) which outline the initiatives undertaken by your Company across these 3 parameters. The BRSR report also forms part of this report as **Annexure E**.

Disclosures under POSH Act, 2013

The Company has in place a policy for Prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the same is available on the website of the Company at https://fivestargroup.in/investors/. Your Company has complied with the provisions relating to the constitution of Internal Complaints Committees (ICC) under POSH Act. ICC has been set up to redress complaints received regarding sexual harassment.

During the financial year, no complaints were received. None was pending unresolved as on March 31, 2024.

Particulars of Employees and Related Disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and employees of the Company forms part of this report as **Annexure F**.

The statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the ensuing Annual General Meeting. In terms of the provisions of Section 136 of the Act read with the said Rule, the Directors' Report is being sent to the shareholders excluding the said statement. If any member is interested in obtaining a copy, such member may send an e-mail to the Company secretary in this regard.

Investor Relations

Your Company prioritizes open communication and engagement with all investors, both current and potential, as well as analysts. Your Company is focused on ensuring transparency and providing timely information through periodic earnings calls, video conferences, active conference participation and one-on-one meetings.

The intent is seen as a benchmark in terms of investor outreach by fostering a culture of transparency and accessibility.

Your Company believes that informed investors are essential for a healthy market and intent achieving this by:

- **Website Disclosure:** Critical information is readily available on the Company's website, ensuring easy access for all investors.
- **Stock Exchange Notifications:** Proactively notifying stock exchanges on upcoming events like earnings calls, quarterly and annual results announcements and any other information that might impact the share price of the Company.
- **Meeting Disclosures:** Disclosure to stock exchanges of any potential meetings with investors and analysts who express interest in connecting with the management team of the Company.

Through these efforts, your Company aims to equip investors with the information they need to make informed investment decisions.

Directors' Responsibility Statement

The Board of Directors have instituted / put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant board committees, including the audit committee and independently reviewed by the auditors.

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d. the Directors have prepared the annual accounts on a going concern basis;
e. the Directors have laid down internal financial controls, which are adequate and operating effectively and
f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors wish to thank the shareholders, customers, employees, bankers, non-bank lenders, mutual funds, financial institutions, debenture trustees, R&T agent, credit rating agencies and auditors for their co-operation and continued support to the Company. The directors also thank the employees for their contribution during the financial year ended March 31, 2024.

For and on behalf of the Board of Directors

Lakshmipathy Deenadayalan

Chairman & Managing Director

DIN: 01723269

Place: Chennai

Date: April 30, 2024

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Five-Star Business Finance Limited
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai – 600010.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. FIVE-STAR BUSINESS FINANCE LIMITED** (CIN: L65991TN1984PLC010844) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. FIVE-STAR BUSINESS FINANCE LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended March 31, 2024, generally, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of :

a. Companies Act, 2013 (the Act) and the rules made thereunder;
b. Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
c. Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings. The Company does not have any Overseas Direct Investment.
e. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), and Reserve Bank of India(RBI) as amended from time to time:
    - Securities and Exchange Board of India (Registrars to an Issue and Transfer Agents) Regulations, 1993, regarding Companies Act and dealing with client;
    - Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;
    - Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - Securities and Exchange Board of India (Depositories and Participants) Regulations 2018;
    - Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
    - Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable for the year under review.
    - Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
    - Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018; Not applicable for the year under review.
    - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not applicable for the year under review.
f. Reserve Bank of India Act, 1934, RBI Directions and Guidelines as applicable to the NBFCs including Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company, The Prevention of Money Laundering Act, 2002 as amended from time to time.
g. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time.

2. We have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
b. The Listing Agreement entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non- Convertible Debentures;
c. The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Equity Shares;

We further report that during the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

3. We further report that:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the period under review except in the case of a director retiring by rotation at the annual general meeting held on September 16, 2023 and who was re-appointed and the same was carried out in compliance with the provisions of the Act;
b. Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent in advance and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
c. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

4. We further report that based on the information received, records maintained and representation received, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

5. We further report that during the period under review, no events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above have taken place except the following:

- The Company has passed a special resolution under Section 180(1)(c) of the Act at the annual general meeting held on September 16, 2023 fixing the borrowing limit as Rs. 8,000 Crores.
- The Company has passed a special resolution under Section 180(1)(a) of the Act at the annual general meeting held on September 16, 2023 permitting the Company for creating charge on its assets upto Rs. 8,000 Crores.
- The Company has passed a special resolution for private placement of Non-Convertible Debentures under Sections 42 and 71 of the Act at the annual general meeting held on September 16, 2023 up to a sum of Rs. 5,000 Crores.
- The Company has passed a special resolution at the annual general meeting held on September 16, 2023 pursuant to the provisions of Section 62(1)(b) of the Act and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021 for approval of Five-Star Associate Stock Option Scheme, 2023.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN: F005853F000273329
FCS No.: 5853
C P No.: 5987
PR No: 1116/2021

Place: Chennai
Date: April 30, 2024

This report is to be read with our letter of even date, which is annexed as Annexure I and forms an integral part of this report.

To,

The Members,

FIVE-STAR BUSINESS FINANCE LIMITED

New No.27, Old No.4, Taylor's Road,

Kilpauk, Chennai – 600010.

Annexure I

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN: F005853F000273329
FCS No.: 5853
C P No.: 5987
PR No: 1116/2021

Place: Chennai
Date: April 30, 2024

Annexure B

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2023-24

1. Brief outline on CSR Policy of the Company:

Being an integral part of this society, Five-Star is committed towards giving something back to the society. The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their livelihood and well-being. Your Company has chosen to make its contribution in 3 areas – education, health and livelihood – as these are the 3 basic necessities of every human to lead good life.

Your Company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder and as per its CSR policy.

2. Composition of CSR Committee:

Name of Director	Designation / Nature of Directorship	No of meetings of CSR Committee held during the year	No of meetings of CSR Committee attended during the year
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	4	4
Mr Anand Raghavan	Independent Director	4	3
Ms Bhama Krishnamurthy	Independent Director	4	4

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: https://fivestargroup.in/investors/

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. Average net profit of the Company as per section 135(5): INR 63,559.36 Lakhs
   a) Two percent of average net profit of the Company as per section 135(5): INR 1271.19 lakhs
   b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
   c) Amount required to be set off for the financial year, if any: Nil
   d) Total CSR obligation for the financial year (5a + 5b - 5c): INR 1271.19 lakhs

6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).: INR 1269.31 Lakh
   b) Amount spent in Administrative Overheads: INR 5.19 Lakhs
   c) Amount spent on Impact Assessment, if applicable: Not Applicable
   d) Total amount spent for the Financial Year [(a)+(b)+(c)]: 1274.50 Lakhs.
   e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the financial year (INR in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (INR in lakhs)	Date of transfer	Name of the Fund	Amount (INR in lakhs)	Date of transfer
1274.50	-	-	-	-	-

   f) Excess amount for set off if any: Nil

S.No	Particulars	Amount (₹ in lakhs)
1	Two percent of average net profit of the company as per sub-section (5) of section 135	1271.19
2	Total amount spent for the financial year	1274.50
3	Excess amount spent for the Financial Year [(ii)-(i)]	3.31
4	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
5	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	3.31

7. Details of Unspent CSR amount for the preceding three financial year:

S.No	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135(6) (INR in lakhs)	Amount spent in the reporting financial year (INR in lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)			Amount remaining to be spent in succeeding financial year (INR in lakhs)
				Name of the Fund	Amount (INR in lakhs)	Date of transfer	
1	2022 - 23	431.49	293.23	-	-	-	138.26
2	2021 - 22	50	50	-	-	-	-
3	2020 - 21	-	-	-	-	-	-

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) – Not Applicable

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

For and on behalf of the Board of Directors

Lakshmipathy Deenadayalan

Chairman & Managing Director

DIN: 01723269

Place: Chennai

Date: April 30, 2024

Management Discussion & Analysis

Management Discussion and Analysis

1. Macro-Economic Overview

RBI Governor, in his foreword to the Financial Stability Report December 2023, states –

"As we come to the close of 2023, the global economy and the financial system continue to recover from successive high-intensity shocks over the last four years. There are multiple challenges on the horizon: slow and divergent growth prospects; elevated debt levels; growing geo-economic fragmentation; and prolonging conflicts. High interest rates and large fiscal deficits have added to debt servicing pressures in most countries. As growth prospects remain subdued, policymakers face a daunting task in balancing the pressing requirements of investment in critical public infrastructure, especially those relating to health and education as well as supporting the most vulnerable sections of society.

Inflation has been moderating and a sense of optimism about soft landing of the global economy is taking hold. Global interest rates have peaked in the current monetary policy tightening cycle, though macroeconomic conditions remain too fragile and uncertain for a definite view on growth and inflation conditions going forward. On balance, therefore, it would be prudent to proceed with caution on the evolving outlook and risks."

This statement sums up what the macro-economy (both domestic and global) generally and more particularly, the financial system has gone through for over the last 4 years or so. There have been quite a number of significant disruptions, which have ensured that the global economy always remained in some kind of fluidity and volatility.

What is also encouraging to note is that amidst all this volatility in the global macroeconomic environment, the Indian economy has been exhibiting a quickening growth momentum, with resilience and financial stability. The Financial Stability Report also notes –

"Moderating inflation, improving external position, continuing fiscal consolidation and a strong and stable financial system with fortified balance sheets are hallmarks of this transformation in the post-pandemic period.

Bolstered by strong capital buffers and robust earnings, financial institutions are supporting durable credit growth. At the same time, higher profits and lower leverage are contributing to sound corporate financials. Proactive and prudent policy actions and availability of policy buffers are steering the economy on a rising growth trajectory with stability."

From a financial services perspective, the banking sector continues to be resilient across various aspects of capital buffer, asset quality, profitability and growth.

The domestic banking system remains resilient, bolstered by strong buffers, robust earnings and the ongoing strengthening of balance sheets. The capital to risk-weighted asset ratio (CRAR) at end-September 2023 remained high at 16.8 per cent vis-à-vis the regulatory minimum of 11.5 per cent (including capital conservation buffer) while the common equity tier 1 (CET1) ratio, which represents the highest quality of regulatory capital, stood at 13.7 per cent as against the regulatory requirement of 8 per cent (including capital conservation buffer).[1]

As far as asset quality was concerned, both coincident and leading indicators of asset quality, i.e., the gross non-performing assets (GNPA) ratio and the special mention accounts – 2 (SMA-2) ratio, respectively, have fallen to multiyear lows of 3.2 per cent and 0.9 per cent, even as improved provisioning drove the net non-performing assets (NNPA) ratio to a multi-decadal low of 0.8 percent.[1]

Healthy interest margins, strong credit demand and lower impairments have boosted net interest income (NII) of the banking system through the course of the current monetary policy tightening cycle, and strengthened earnings as reflected in RoA and RoE, which rose to 1.2 per cent and 12.9 per cent, respectively, in September 2023 from historical lows of (-) 0.2 per cent and (-) 2.2 per cent, respectively, in March 2018.[1]

From a growth perspective as well, bank credit has seen a good momentum recently, and there have also been compositional shifts in the bank credit trends. Services and Retail Sector have seen increasing proportion of credit, and even in the retail sector loans, there has been a significant spurt in unsecured lending. The asset quality of banks has also seen improvement despite the sharp increase in retail lending.

One of the other developments that took place in the banking system, which facilitated the rapid growth in retail lending, was bank lending to NBFCs. Bank lending to NBFCs has been growing at a faster rate than the overall bank credit growth; increasing co-lending arrangements between banks and NBFCs has also been a point closely watched by the regulator; whilst there are no imminent signs of stress in the retail credit segment, given the procyclicality of lending and potential higher debt servicing costs, RBI undertook proactive regulatory measures such as increase in risk weights on certain segments of consumer credit by banks and NBFCs as well as bank credit to NBFCs, along with a strengthening of credit standards in respect of various sub-segments under consumer credit, to prevent build-up of risks and spillover to the wider financial system.

As regards NBFCs, they have been the conduits who have been taking credit to the large unserved and underserved segments, where banks did not have the ability to take a direct exposure.

[1]*Financial Stability Report, December 2023*

As the Financial Stability Report notes, the NBFC sector has increased its footprint in financial intermediation, and this has been associated with a rise in connectedness with the traditional banking system. Given this level of interconnectedness between banks and NBFCs and possible contagion effect, senior officials of RBI have been making categorical statements advising NBFCs to look at non-bank avenues for their debt requirements. The Financial Stability Report also notes that there is an overall resilience in the banking system to manage any contagion risk that may emanate from such interconnectedness. However, RBI has also been quite vigilant and trying to be proactive to ensure there is no build-up of systemic risk in the banking system.

From all that has been stated above, it can be clearly noted that these are uncertain times and unless there is a good risk management and compliance framework, financial services ecosystem may have to face quite a number of challenges in the forthcoming quarters.

1.1. Outlook for Growth

From a global perspective, there has been a cautious optimism as regards the growth projection for FY2024 and FY2025. The World Economic Outlook updates of the International Monetary Fund have been getting more and more positive on the growth projections for FY2024 and FY2025. The updates in April 2023 and July 2023 projected a growth of 3.0% for FY2024, while a more recent update of January 2024 projects a growth of 3.1% in FY2024 and 3.2% in FY2025. The updates also note that the forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth.

However, India seems to be in a much better position as can be deciphered from the April 2024 Monetary Policy Report and the statement of the RBI Governor. Excerpts from the Governor's statement clearly evidence this fact – "Domestic economic activity continues to expand at an accelerated pace, supported by fixed investments and improving global environment. The second advance estimates (SAE) placed real GDP growth at 7.6 per cent for 2023-24, the third successive year of 7 per cent or higher growth... Going forward, the outlook for agriculture and rural activity appears bright, with good rabi wheat crop and improved prospects of kharif crops, due to expected normal south-west monsoon. Strengthening of rural demand, improving employment conditions and informal sector activity, moderating inflationary pressures and sustained momentum in manufacturing and services sector should boost private consumption. As per our survey, consumer confidence one year ahead reached a new high. The prospects of investment activity remain bright owing to upturn in the private capex cycle becoming steadily broad-based; persisting and robust government capital expenditure; healthy balance sheets of banks and corporates; rising capacity utilisation and strengthening business optimism as reflected in our surveys. Improving global growth and trade prospects, coupled with our rising integration in global supply chains, are expected to propel external demand for goods and services. The headwinds from protracted geopolitical tensions and increasing disruptions in trade routes, however, pose risks to the outlook. Taking all these factors into consideration, real GDP growth for 2024-25 is projected at 7.0 per cent with Q1 at 7.1 per cent; Q2 at 6.9 per cent; Q3 at 7.0 per cent; and Q4 also at 7.0 per cent. The risks are evenly balanced."

So, both the global and domestic economies are at a fairly uncertain, yet interesting phase and there are risks that are evenly balanced – how the events unfold, central bank reactions to possible headwind and tailwind events, would determine the growth of economies, which eventually will have an impact on the various sectors at large.

2. Industry Overview & Operating Environment

As of end June 2023, bank credit to NBFCs stood at 9.9% of total bank credit. Bank lending to NBFCs increased at a CAGR of 26.3 per cent during the past two years (i.e., from June 2021 to June 2023), well above the growth of 14.8 per cent in overall bank credit. Even during the second half of the current financial year, Bank credit growth remained robust with improving economic activity. Growth in non-food bank credit increased to 16.3 per cent (y-o-y) as at end-March 2024 from 15.4 per cent as at end-March 2023. The Monetary Policy Report also outlines that Services sector credit witnessed a healthy growth of 21.2 per cent (y-o-y) in February 2024 as compared with 20.5 per cent a year ago. Credit to NBFCs continued to be the largest contributor to this growth, though the pace moderated during the year. Overall, the key indicators of capital and asset quality of the banking sector as well as the NBFC sector continued to remain healthy.

As far as NBFCs were concerned, their metrics continued to remain robust. The Financial Stability Report notes that "Substantial capital buffers, improving asset quality and robust earnings have increased the resilience of the NBFC sector: the CRAR at 27.6 per cent in September 2023 remains well above the regulatory minimum of 15 per cent; the GNPA ratio has declined from a high of 7.2 per cent in December 2021 to 4.6 per cent in September 2023; and NIM and RoA stood at 5.1 per cent and 2.9 per cent, respectively, in September 2023. Healthy balance sheets have enabled NBFCs to consistently expand credit, which grew from 8.9 per cent (y-o-y) in September 2021 to 20.8 per cent in September 2023 (y-o-y)."

The above numbers stand testimony to the strength of the NBFCs. A press release by ICRA dated April 1, 2024 also notes that the asset quality of banks and NBFCs has been at its decadal best with the profitability and the capitalisation indicators expected to remain healthy in the near term.

Regarding the growth potential for the NBFCs in the coming years, the projections given by rating agencies range between 14% and 16% for FY2024 and between 13% and 17% for FY2025. As far as retail AUM of NBFC is concerned, the projection given by ICRA for FY2024 is 21-23% which is expected to moderate to 17-19% for FY2025.

So, across the aspects of growth, profitability and quality, the metrics have been and are expected to be robust for the NBFCs. From a regulatory perspective, the Reserve Bank of India has been taking a very proactive stance in bank and NBFC regulation. Consequent to this, there has been a number of new norms that became effective for implementation during the financial year under review. These new norms span across domains such as KYC, Information technology, fair practices, etc.

3. Five Star - An Overview

Five Star is registered with RBI as a non-deposit taking systemically important NBFC. The Company is in the business of providing Secured loans to Small Business customers and Self-employed individuals who are largely ignored by the formal financial ecosystem. With experience of operating in this borrower segment for the last over two decades, the company has developed a unique underwriting model, which is capable of evaluating the creditworthiness of such borrowers, even in the absence of documentary evidences. The Company provides only secured loans which ensures robust asset quality, even during difficult times. The company operates in 520 branches across 9 states and 1 union territory and has a borrower base of close to 4 lakhs as on March 31, 2024.

Borrower Profile

The borrower profile of the Company predominantly consists of borrowers who are graduating to the formal financial ecosystem for the first time. While 75% of the Company's borrowers may have taken a product loan i.e. Microfinance loan, gold loan, vehicle loan, Five Star tends to be the first lender to these borrowers for a secured loan of INR 3-5 lakhs. As they graduate from the informal lending ecosystem, they can perceive 3 obvious advantages:

1. Lower interest rates – they can get funding at almost half of the interest rate that they would be paying to moneylenders.
2. Ability to amortise principal monthly – As they can repay principal monthly through the EMI structure, they are able to completely pay off the loan within their stipulated tenor. In the moneylending ecosystem, the ability to amortise principal monthly is fairly non-existent.
3. Fair & transparent practices – As they deal with a regulated lender, the practices are fair and transparent, which brings about tremendous confidence in the minds of the borrowers.

A major portion of the Company's borrowers are shopkeepers, typically providing essential services to the common man. There are also self-employed non-professionals to whom the Company provides loans, and these are also people whose services are indispensable. A small portion of the borrowers tends to be cash salaried individuals, who are unable to avail financial assistance from banks or the larger NBFCs. Our belief, which has been vindicated over the years, is that these people are largely insulated from any kind of economic disturbances, and even during periods of economic crises, they are the last to get hit and first to bounce back. So, their ability to repay the Company's loan remains largely unhampered. Also, given that their services are essential for every common man, their incomes also remain largely stable and predictable. All these factors contribute majorly to the strong asset quality that the Company exhibits.

Unique Underwriting Approach

As many borrowers graduate from the unorganised system and do not have documentary proofs of their incomes, traditional underwriting methodologies would be ineffective, and it becomes essential to tailor an underwriting approach that would help the company understand their cashflows. Towards this, Five Star has built a unique underwriting methodology underpinned on 3 Cs – Character, Cashflow and Collateral, which has helped the company build a strong and profitable loan portfolio over the last many years.

As much as it is important to evaluate the ability of the borrower to repay, it is equally, if not more important to establish the intent of the borrower to repay. Absence of intent would mean future complications, legal or otherwise, to effect repayment on the loan. Hence Five Star accords maximum importance to the intent of the borrower, which is evaluated through Neighbourhood checks, Trade checks, Credit Bureau report analysis, etc, through which we try to understand the character of the borrower. Good amount of time is spent by multiple teams to understand and establish the intent of the borrower.

Understanding and evaluating the cashflows in the absence of documentary evidence poses a unique challenge. However, Five Star's experience of operating in this segment over the last couple of decades gives it a significant edge in terms of understanding the borrower cashflows. Evidence is looked at to justify the cashflows – the evidence could be the lifestyle and living conditions of the borrower or the assets that the borrower has created for himself / herself and his / her family. Through thorough checks of the borrower's workplace, his / her residence, lifestyle, etc, the company is able to arrive at a plausible cashflow which will stand support to the loan repayment.

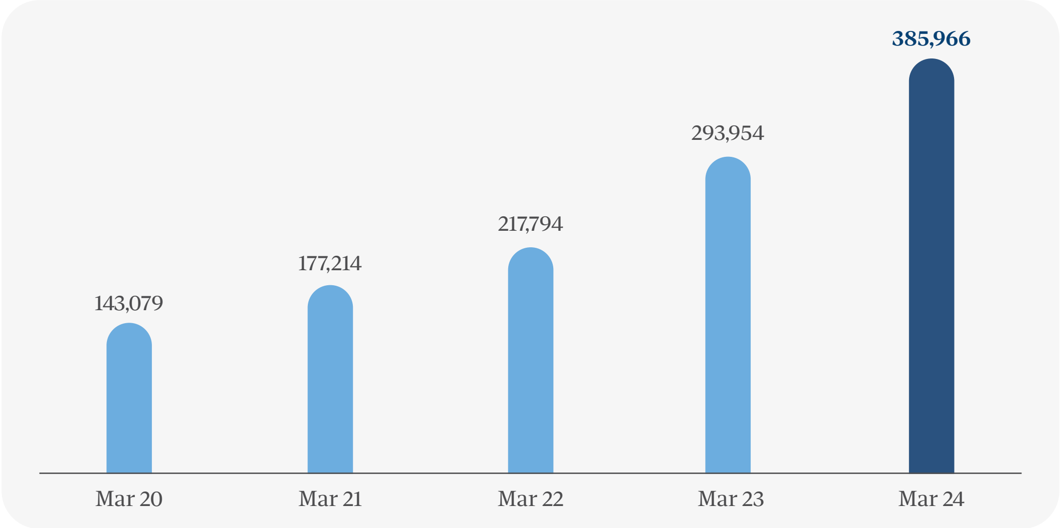
In addition to understanding the cashflow of the customer, the company also secures its loan by taking a hard collateral as security for the loan. The self-occupied residential property of the borrower serves as the collateral in about 95% of the loans, with the balance having non-SORP as collateral. But none of the loans are unsecured, which will ensure that the borrower prioritises the repayment on his / her Five Star loan over the other loans. This was visible during multiple crises times when the borrower could have defaulted on his obligations to other institutions but ensured that he / she pays up on a Five Star loan.

With this underwriting methodology, the Company ensures through its sound business model that the loans are underwritten on the basis of the cash flows of the borrowers which is the primary security and also backed up by the hard collateral as the additional security. This has effectively ensured a low percentage of NPA on the portfolio of business as reflected in the financial statements.

Business Growth

The Company is clearly growth focused as can be seen from the high growth rate that was seen during the years prior to COVID. But this is not just growth for the sake of growth or reckless growth. Growth bereft of quality is something that is anathema to the company. Nothing better demonstrated this but for the couple of years of COVID – during this period, the Company just grew at about 14% each year. We were very clear that high growth during periods of crises is bound to lead to asset quality issues and hence we pulled back our growth.

FY2023 and FY2024 has again seen robust growth – we clocked a growth of ~37% in FY2023 and ~39% in FY2024, where the growth was led by an expansion in the number of branches and increased borrower base, rather than being led by an increase in average ticket size. This is a prudent way of growth rather than overburdening the existing borrowers through additional loans or through increasing the ticket size of fresh disbursements.

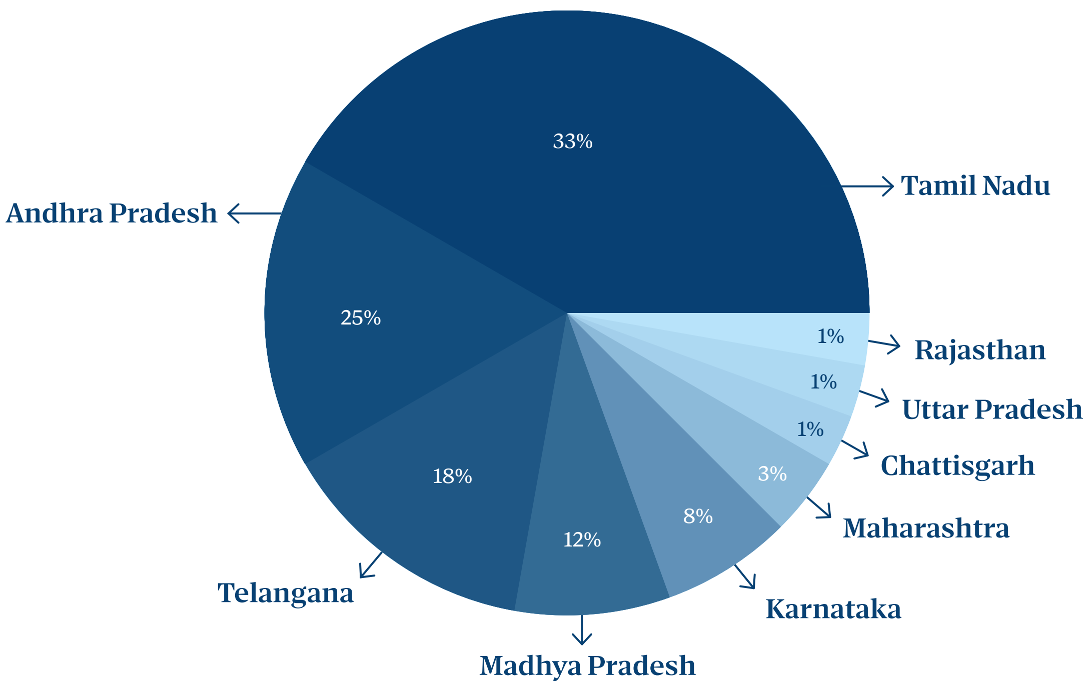


Number of Loans

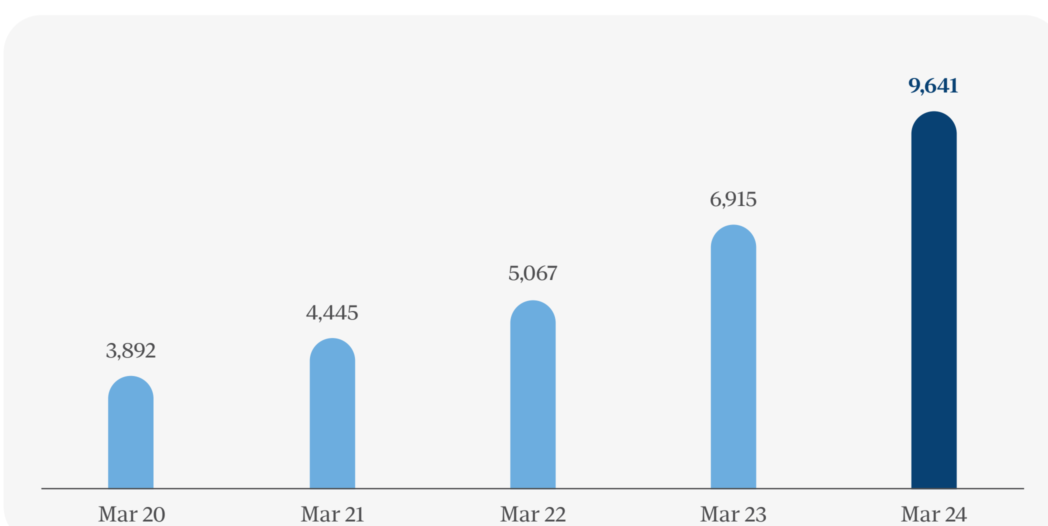
During the year, the company also opened 147 new branches taking the total to 520 branches as of March 31, 2024. This is the highest number of new branches that we have opened in any financial year. This was also led by a slight change in strategy. In the past, we had followed the "Super branch" strategy, wherein branches that had the capability to onboard larger business would be given additional officers, additional branch managers and a supervisor in the form of Senior Branch Manager, and with this structure, the branch could onboard incremental business and also reach a much bigger portfolio size. This was a strategy that was apt for us in the growth phase and helped us reap good dividends.

However, there has been a shift in strategy in the recent past, primarily from the perspective of risk diversification. We have moved to what we call as "Cluster branch" Strategy under which it is our belief that once a branch reaches a certain portfolio size, it would be prudent to open a new branch in the vicinity and also transfer some accounts from the existing branch to the new branch. This helps us achieve 2 objectives – firstly, the officers in the existing branch would get space to onboard additional accounts; and secondly, the new branch starts with a set of accounts rather than starting on a completely clean slate. This also ensures that the portfolio in a branch does not cross a certain threshold, which is also advantageous especially when there is a slightly higher level of attrition, etc.

So, the increased branch network is the result of new branches opened in the normal course of business along with new branches that have been opened consequent to the Cluster branch strategy. We believe that we can open about 80-100 branches every year, which will again be a mix of new branches and cluster branches. The state-wise split of branches as of March 2024 is given below.



The combined effect of increased loans and increased branch infrastructure resulted in a strong portfolio growth at around 39% for the year under review.



AUM

The Company uses 3 levers to facilitate its growth:

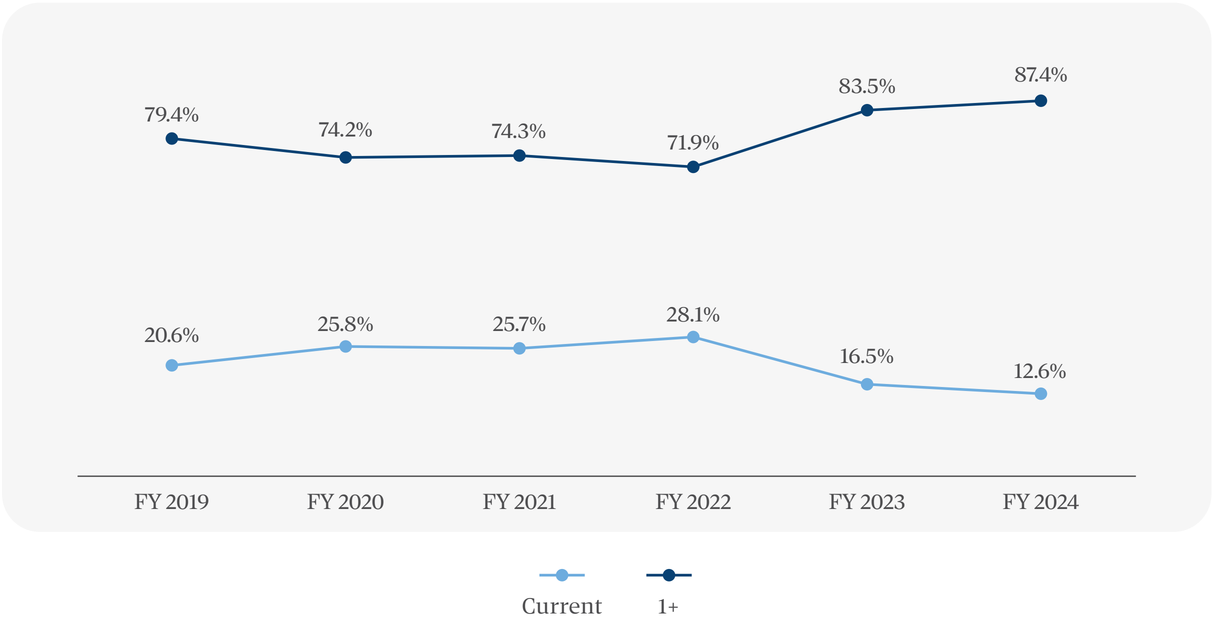
1. Increased branch infrastructure – as stated above, we believe that we can add 80-100 branches every year, which would mean at least about 500-600 officers who would be able to onboard incremental business. This is our primary level for growth.
2. Increase in average number of officers – With increased branch vintage, we could look at adding officers to the existing branches. Such additional officers would bring incremental business, which would also aid in our portfolio growth.
3. Increase in ATS (average ticket size) – The Company had operated at an average ticket size of about INR 3.50 lakhs prior to COVID. During COVID, with the borrowers going through some stress in cashflows, the company had consciously reduced its average ticket size on fresh disbursals. However, during the last couple of years, the borrower cashflows have started showing signs of good improvement showing them rebounding from that stress. Based on this, the Company also increased its ticket size on fresh disbursals and for the year under review, we have gone back to pre-COVID levels. We will continue to increase ATS at least for inflationary increases going forward, which would also contribute to the portfolio growth. However, even under such scenario, ATS of Five Star would still be much lesser than other industry players which helps Five Star from a risk perspective as well.

Collections & Asset Quality

Five Star is fundamentally a "Collections-first" company. One of the fundamental tenets of the company is to prioritise collections over incremental business. The ability to maintain strong collections efficiency and robust asset quality even during difficult times is a distinguishing facet of the company. Towards this, the company has always held the sourcing officer responsible for the collections also on the loans sourced by him / her. The incentives for the Field Officers and other branch staff have been structured in such a manner to ensure that they perform in an exemplary manner both on business and collections.

However, the company also understands that the same officer being involved in both business and collections forever impairs his / her ability to onboard new business. At the same time, completely delineating business and collections brings its own set of challenges like complete loss of accountability etc. Especially post the second wave of COVID, it became very important to have people with exclusive collections focus so that the deterioration in the softer buckets could be cured. Towards this, the company had created a collections vertical at each of the branches with necessary supervisory support and moving accounts with certain vintage to this team to ensure that the accounts are rolled back to better buckets.

The Collections vertical has worked extremely well for us, as can be evidenced in our current and 1+ portfolio which is at all-time high as of March 2024. The graph below depicts our Current and 1+ portfolio for the last 5 years, and the data is self-explanatory.



MDA

While there has been some denominator effect to these numbers, it is also to be noted that there has been decrease in absolute quantum in each of the delinquency buckets over the years.

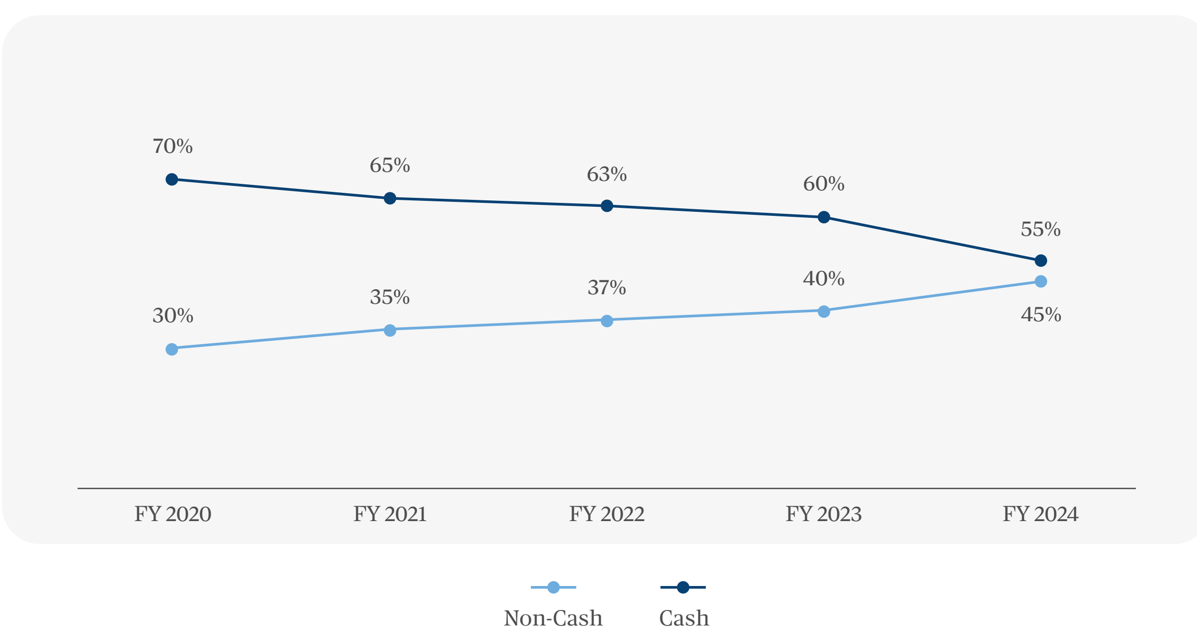
Now that the situation is back to normal, the Company has also been evaluating its strategy of having a dedicated collections vertical in each of the states. Whether the objectives of the Company shall be better served with “Collections support” at each of the branches, which would work under the same branch manager and supervisory layer, or whether we would need “Collections vertical” is something that would be decided based on the needs and objectives of the Company. The Company may even evaluate having different strategies in different geographies depending on the needs of a particular geography.

The Company had also restructured a small portion of its portfolio as part of the COVID second wave; however, the proportion of the restructured book stands at a very marginal level (0.52% of the overall AUM as of March 31, 2024) as on date. Also, the restructured portfolio is performing well (76% of the restructured book is standard as on date i.e. 30 months post moratorium period), and we do not expect any major losses emanating out of this portfolio. In fact, we also carry a very sizeable provision on this book (we carry a provision of about 55% on this book), which we believe, would be more than sufficient to offset any potential losses on this portfolio.

During FY2023, the revised IRAC norms also became applicable for the Company, wherein daily movement of loans into NPA was mandated and upgradation norms were changed such that a borrower who was classified as NPA can be reclassified into Standard only after payment of all the arrear dues. The Company has aligned its Stage 3 assets to NPAs under the revised IRAC norms and the asset quality remained robust even after the implementation of the said circular. The table below gives the stage-wise details of loan portfolio, and the improvements are plainly visible.

Stage	As of March 31, 2024		As of March 31, 2023	
	Amount in INR lakhs	% of AUM	Amount in INR lakhs	% of AUM
Stage 1	888,021.08	92.11%	618,839.65	89.49%
Stage 2	62,753.99	6.51%	63,249.70	9.15%
Stage 3	13,283.99	1.38%	9,393.86	1.36%
Total	**964,059.06**	**100%**	**691,483.21**	**100%**

As the borrowers are largely first-time borrowers to the formal financial ecosystem for a size and nature of the loan that they have taken from the Company, it is important to provide them with multiple options to make repayments on their loans. Given the Company’s focus on Tier 3 to Tier 6 towns, where the digital penetration is not as high as the metros or Tier 1 and Tier 2 cities, it becomes necessary that they are permitted to repay in whatever manner they prefer. Towards this, the Company had facilitated payments in both cash and other digital means. However, the Company has been consciously nudging the borrowers to make the payments through digital means, which is safe for both the borrowers and for the Company. The efforts of the Company have borne fruit and we have seen a significant uptick in the digital payments over the last few years, as can be seen from the data below.



4. Operational & Financial Metrics

4.1. Branches: The number of branches as at the end of March 2024 was at 520 as against 373 as at March 2023.

4.2. Portfolio growth: Five Star's Consolidated AUM increased from INR 6,914.83 Cr in FY2023 to INR 9,640.59 Cr in FY2024, which translates to a growth of about 39% for the year.

4.3.Loan disbursals: During the year, the company disbursed an amount of about INR 4,881 Crores as against INR 3,391 Crores in the previous year, recording a growth of 44% for the year under review.

4.4. Asset quality: For the financial year ended 31st March 2024, the company achieved a Gross Stage 3 assets / NPA of 1.38%, as against 1.36% in the previous year.

4.5. Capitalisation: As of March 31, 2024, the Company had a net worth of INR 5,196.15 Crores. The Company had been listed in the stock exchanges since November 2022 and had not seen any fresh issue of shares post listing, except for exercise of stock options by eligible employees. But for this, the entire accretion to the net worth is on account of the Profit after Tax for the current financial year.

4.6. Profitability: The Company continues to remain very profitable and the full year Profit After Tax for the period ended March 31, 2024 was INR 835.92 Crores as against INR 603.50 Crores for the financial year ended March 31, 2023.

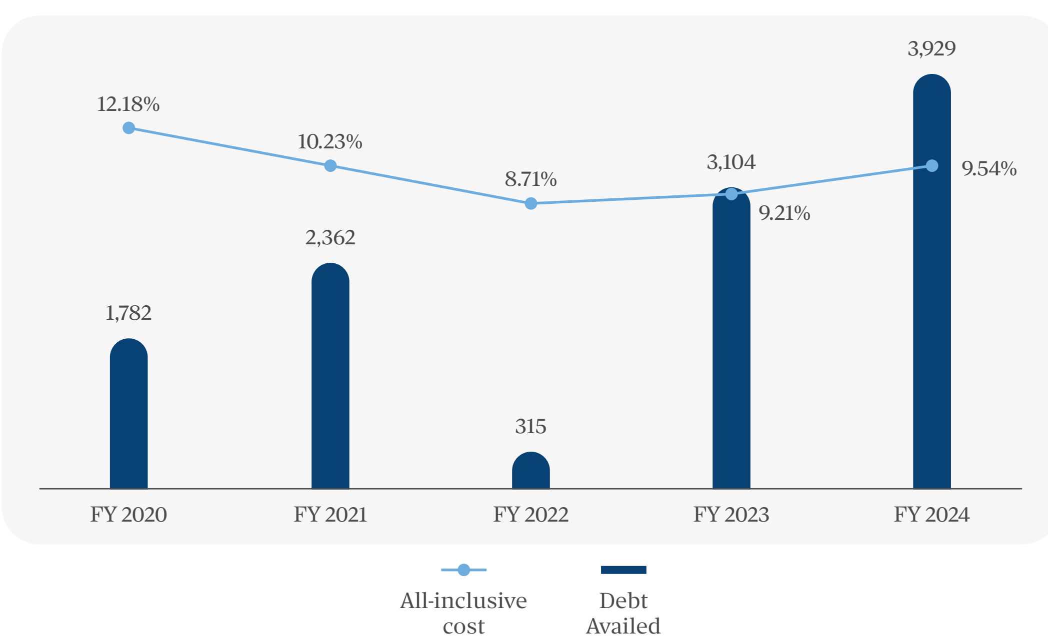
Some of the operational and financial highlights are given below.

Parameter	FY 2024	FY 2023	Growth
Assets under Management (INR Cr)	9,640.59	6,914.83	39.42%
Amount disbursed (INR Cr)	4,881.43	3,391.44	43.93%
Branches (#)	520	373	39.41%
Number of customers	385,966	293,954	31.30%
Number of employees	9,327	7,347	26.95%
Profit after Tax (INR Cr)	835.92	603.50	38.51%

5. Strengthening Liability Profile

Given the strong capital profile of the company and the significant net worth on the balance sheet, the company was not required to raise a high quantum of incremental debt during the past few years. Only in the last couple of years has the Company become quite active in the debt space and we have managed to borrow good quantum of debt during each of these financial years. Despite this, the Company's ability to borrow was unhampered as we had had demonstrated our ability to borrow good quantum of incremental debt even during years of stress viz. year of demonetisation, year in which large NBFCs went down leading to heavy unavailability of debt for the NBFC sector, years of COVID 1 and 2.

During the financial Year under review, your Company has availed fresh borrowings aggregating to INR 3,929.12 Crores as against INR 3,103.56 Crores in FY2023. While the Company had secured sanctions of INR 4,354.12 Crores, the balance portion remained unavailed and available for availment in the coming FY. The outstanding Total Borrowings as of March 31, 2024 were INR 6,315.84 Crores. Not just in quantum of borrowings,

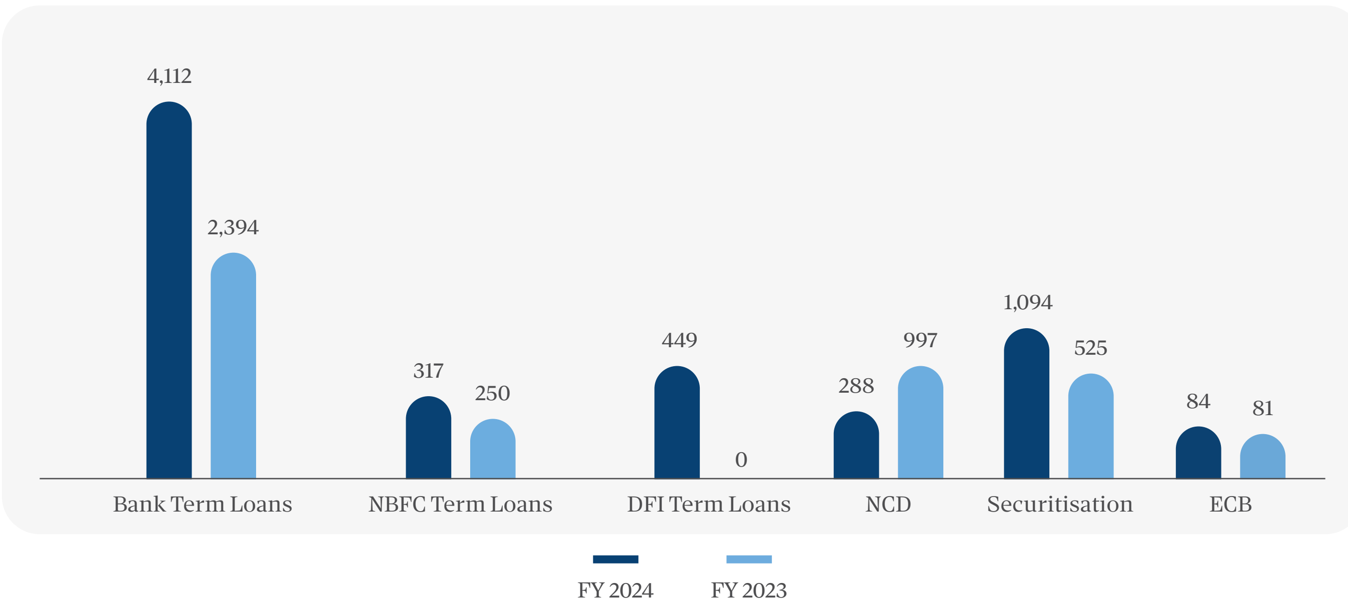


the Company also managed to get their borrowings at very competitive rates (all-inclusive pricing) as is shown below.

As can be seen from the graph above, during the last 2 financial years (FY2023 and FY2024), the Company managed to obtain borrowings at very competitive rates despite a very adverse interest rate environment when the repo rate went up by 250 bps since March 2022. During this period, the cost of incremental borrowings for the Company went up only by about 83 bps. During the current year, the company also onboarded new lenders such as NABARD, Canara Bank, Deutsche Bank, Qatar National Bank and Royal Sundaram General Insurance.

The Company has borrowed moneys through term loans from banks and financial institutions, cash credit lines from banks, issued non-convertible debentures, issued pass-through certificates as part of Securitisation transactions and also availed one tranche of non-rupee denominated borrowing through the ECB route. So, the debt profile of the company is well diversified both from the perspectives of type of lenders as well as the structure of debt.

Structure-wise debt outstanding is given in the graph below:



The Company had consciously tapped into banks for its borrowings during the last couple of years, primarily because banks were lending a sizeable quantum of debt at the appropriate cost. There were also banks across public sector banks, private banks and foreign banks that had hitherto not lent to the Company and who evinced an interest to provide funds to the company. So, it was advantageous for the company to onboard these lenders which also helped diversify within the bank lending universe.

The Company had also taken a conscious call to achieve diversification outside the bank lending universe as well, in the years to come. The facility from NABARD, one of the largest developmental financial institutions in the country, is a step in this direction. The Company's borrower profile being unserved or underserved borrowers, would help NABARD achieve its developmental objectives as well.

The Company would continue to onboard the right kind of lenders who can support the Company in achieving its long-term objectives, albeit at an appropriate cost and also with an eye on the right mix, both from the perspectives of lender category and borrowing structure.

Leverage: Given the healthy capital profile, the company has been operating at a low leverage and low D/E ratio. During the year, the D/E ratio is reached 1.22x and it would be the endeavor of the company to touch optimal D/E ratio levels in the years to come.

6. Asset-Liability Management:

One of the important requirements for a NBFC is to manage its liquidity in the most efficient manner. Too less liquidity in a stressful situation could lead to a survival crisis for a NBFC; on the other hand, too much liquidity would lead to negative carry and create a dent on the financials. Hence the right liquidity balance is extremely important for the success of a NBFC. And the liquidity position is directly linked to the Asset-Liability Management (ALM) practice of a NBFC.

ALM is generally given much less importance than what it deserves. Whenever there is a price arbitrage between long-term and short-term borrowing, it is important to look at this from an ALM perspective rather than just preferring short-term gains. Large banking corporations over the past many years have crumbled, primarily due to their failure to have a healthy ALM position. However, Five Star has always been following a conservative ALM and liquidity policy, which has helped the company manage all turbulence that it has faced over many years. The Company does not resort to short-term borrowing of significant quantum given that it lends for up to 7 years. The liquidity policy defines a minimum liquid balance to be maintained on a monthly basis which will effectively take care of all obligations and other fund requirements over the next 3 months. The Company is of the view that while this may entail some amount of negative carry, it provides a good balance to manage adverse times, should they arise.

The Liquidity coverage ratio, which is a measure of the next 30 days liquidity position, is also maintained at a very conservative level. This is an offshoot of our liquidity policy, which mandates certain minimum level of liquidity to be carried by the Company. The LCR as of March 31, 2024 was 316%. To maintain High-Quality Liquid assets (HQLA) to manage its LCR, the company has been investing in Government Securities and Treasury Bills, which qualify as HQLA for the purpose of LCR computations.

Again, given the liquidity that we carry at any point of time, the Company always maintains positive cumulative ALM across all buckets, which helps weather any kind of shocks that may come about. As has been seen in the past, even during extremely stressful periods from a liquidity perspective, the Company has been able to manage all its outflows without resorting to any kind of concessions from its lenders.

7. Corporate Governance:

The RBI Governor, in his Monetary Policy Statement, stated the following - "Let me emphasise here that banks, NBFCs and other financial entities must continue to give the highest priority to quality of governance and adherence to regulatory guidelines. Financial sector players, by and large, operate with public money – be it of depositors in banks and select NBFCs or investors in bonds and other financial instruments. They should always be mindful of this. The Reserve Bank will continue to constructively engage with financial entities in this regard. It needs to be recognised that financial stability is a joint responsibility of all stakeholders."

The Company has always given a very high level of importance to Corporate Governance. The Board of Directors comprises of eminent individuals with strong expertise in the financial services sector. The Company has also inducted functional experts in the Board of Directors to ensure that specialised skills are also brought in wherever required. The Board is very well diversified, with balanced representation from the Promoter group, Investor Nominees, Independent and Non-executive directors.

The Board of Directors, in consonance with the Senior Management, provides the strategic direction to be taken by the Company. The Directors are also responsible for ensuring compliance with all the regulations and guidelines prescribed by various regulatory authorities. The Board is also assisted by multiple sub-committees, where directors with specialised expertise act as members of such sub-committees and get into the depth of the subject on hand. The details of sub-committees and their roles and responsibilities can be found in detail in the Corporate Governance report.

8. Human Resources:

Amongst the four factors of production, viz. land, labour, capital and entrepreneurship, human capital is the only one that is capable of managing and directing the other 3. Amongst all the capital in this world, human capital is always the strongest and most enduring. Without human capital, the other 3 factors of production cannot be put to productive use. It is extremely essential to have the right people at the right positions so that they would be able to help the organisation achieve its objectives.

At Five Star, employees are the fulcrum around which every other factor revolves. No decision is taken without keeping the interests of employees in mind. The welfare of employees is at the heart of all decisions right across hiring, training, retention, performance appraisal and rewards and recognitions. The Company had employed 9,327 employees as of March 31, 2024 as against 7,347 employees as of March 31, 2023.

The business model of Five-Star is quite human intensive. Given the kind of borrower profile we cater to, it is not possible to completely eliminate the human element. While the Company leverages the power of technology to achieve higher level of efficiency and effectiveness, the business model has been built in such a way that human touch can never be replaced by technology. Technology can help complement the human element, but it cannot substitute the same. Hence it becomes important to hire the right talent and put them in the right positions so that they are able to use their expertise for the mutual benefit of themselves and the Company.

Moreover, it is also a heartening fact that the Company can provide employment to many people, more so in the local areas where they live. The fact that employees get to stay with their family, earning a good salary to take good care of their families makes them feel a kinship with the organisation. The Company has tailored the right incentive schemes to reward the high-performers and keep their morale high. In addition, more than 300 people at the field level (non-HO staff) have been given stock options wherein they will get to become owners of the company at a later point of time.

The field execution team is led by a strong Management team consisting of professionals with years of experience and expertise in the fields of banking and financial services and who bring their rich expertise to lead their respective functions. There are 21 professionals heading their respective functions across the various verticals. It is also heartening to note that a number of these professionals have been associated with the company for many years. The company shall keep making the necessary hires at the right time to ensure that the right people are at the helm of each function and are able to provide necessary oversight.

With the right strategy developed in consonance with the Board of Directors, the Management team develops the key action plans that are needed to achieve fruition of the strategy. The action plans developed by the Management team are put into action by one of the best execution teams, that consist of people with a "never-say-no" attitude. This three-pronged approach has helped the Company become one of the strongest and safest growing NBFCs over the last many years.

9. Technology:

Our journey towards becoming a technology-enabled company started in FY2017. Till then, we were largely paper led. We moved into a cloud enabled ERP starting April 2017 and since then have made significant strides in our technology journey. During the current financial year, we have made numerous developments on the technology front moving to strong platforms across various domains and thereby by upgrading our stack.

Technology has become a significant business driver in the last few years. The Company has used technology to complement its underwriting, collections and other operational processes towards making the processes more effective and efficient, reducing turnaround time, aiding in better data analytics and developing robust risk management strategies. The Company has been making strategic investments in information technology systems and implemented automated, digitized technology-enabled platforms and proprietary tools, to strengthen its offerings and derive greater operational, cost and management efficiencies. As shown in the picture above, we have implemented multiple new applications during the current financial year, which, we believe, would help in our journey towards becoming one of the leading players in the Small Business Loans lending segment. Further, in the coming years, our focus on technology shall be made towards the following areas:

A Improving accuracy and breadth of customer data capture across our portfolio for purposes of analytics and insight generation;

B Use data, predictive analytics and machine learning to complement our current underwriting processes to ensure we onboard the most suitable borrowers and maintain a robust asset quality;

C Developing a robust customer credit scoring model;

D Automation of existing manual activities within our underwriting process to reduce turnaround times for loan sanctions and reduce transaction costs; and

E Supplementing our collections infrastructure by leveraging existing payment architecture towards collecting EMI repayments from our borrowers;

F Implementation of a Collections system, that can help optimise the efforts of our Field Officers and Collections Support team and thereby ensure focus on accounts that need attention with a clear focus on improving our DPD buckets.

The Company has made significant investments in both building the right team and also in the necessary hardware and applications. In addition to employees on the rolls of the Company, we have also tied up with a vendor who provides off-shore development capabilities to supplement the efforts of the Company's staff, thereby ensuring on-time delivery of projects.

Safety and Privacy of customer data is taken very at Five Star and towards this, the company has put strong technology infrastructure, which is completely cloud-based with adequate levels of safety. Annual Information Security audit is also undertaken by an independent firm and the findings / observations are taken very seriously and remediation measures are given utmost importance. The IS auditor also makes their independent presentation to the IT Strategy Committee and all the items pending resolution are tracked through the ATR mechanism.

The Company also has an IT Steering Committee, consisting of members from the Management team, and an IT Strategy Committee consisting of Board Directors and members from the Management team, and this Committee reviews, at least on a half-yearly basis, all the technology deliverables, benchmarks the technology architecture of the Company against some of the best practices being followed by other industry players and also provides strategic inputs on the way forward from a technology perspective.

From a security perspective, there is an Information Security Committee, consisting of the members from the Management team, that looks at all aspects of data security, data privacy, vulnerabilities, if any, and also tracks items pending for resolution. The Minutes of such meetings are also tabled to the IT Strategy Committee and to the Board of Directors for their noting and approval.

The Company believes that the adoption of such digital service delivery mechanisms has and will continue to enable us to be more efficient, customer friendly and over time improve cost efficiencies through automation, and perform more reliable data analytics for customized products to suit the diverse requirements of our customers and improved customer satisfaction.

10. Risk Management and Audit Framework:

The Company has a robust Risk Management framework which lays down the overall approach, including policies, processes, controls and systems, through which risk appetite is established, communicated as well as monitored. From a risk management perspective, the Company follows the "3 lines of defence model" wherein:

a. The first line of defence will be the Business and Support Units that will own the risks and manage the same, as per laid down risk management guidelines. The primary responsibility for managing risks on a day-to-day basis will continue to lie with the respective business units of the Company.
b. The second line of defence will be the Risk Management Department that would support the first line of defence by drawing up suitable risk management guidelines from time to time to be able to manage and mitigate the risks of the Company.
c. The third line of defence will be the Audit Functions – primarily the Internal Audit functions that are supported by External Audits. The third line of defence focuses on providing the assurance that the risk management principles/policies and processes are well entrenched in the organisation and are achieving the objective of managing the risks of the organization.

Through the aforementioned model, the risks of the Company are managed effectively. Being in the lending business, the Company is exposed to the following risks:

The Company has constituted a Risk Management Committee, which consists of members of the Board with years of experience and expertise across one or more of these areas and which meets at periodical intervals to discuss the various risks. The primary focus is on the portfolio composition and characteristics, and various cuts of the portfolio are presented to the Committee. The Committee undertakes in-depth discussion on the existing and possible risks that may emanate and the proactive actions that could be taken to mitigate these risks. In addition to portfolio analysis, the Liquidity Risk Management Framework is also discussed in detail, to understand the composition of the Company's liabilities. In addition, there are also discussions around HR risks, operational risks along with reviewing the Key Risk Indicators. On an annual basis, the RMC also undertakes the ICAAP (Internal Capital Adequacy Assessment Process) assessment to understand possible implications on the capital position of the Company.

A very comprehensive risk management policy has been put in place detailing the mitigants available in the processes to manage each of these risks. Additionally, Key Risk Indicators (KRIs) have also been laid down for each of the risks associated with the elements mentioned above. The KRIs are tracked on a periodic basis by the Risk Management Committee. The RMC is kept informed of the limits for each of these KRIs, and whenever the actuals come close to breaching the limits specified, RMC clearly specifies corrective actions to be adopted by the Company.

From an underwriting perspective, the business model of the Company has been tailored to ensure that all the activities are done by people who are employed on the rolls of the Company. Be it sourcing, credit assessment or collections, all the activities are carried out by the Company's employees. As already stated, the Company's underwriting model hinges on 3 Cs – Character, Cashflow and Collateral, which is evaluated by 2 sets of people – business team, which has a vested interest in the proposal but still given the responsibility of verification in order to fix responsibility and accountability, and credit team, which does not have any incentive to sanction a file. This ensures that there is a strong maker-checker mechanism in place. Not only in the underwriting process, the maker-checker process is an inherent part of every single process undertaken by the Company and acts as one of the strongest risk management strategy.

During FY2023, the company had implemented the Risk-based Internal Audit Framework (RBIA) as mandated by the Reserve Bank of India. Under this framework, the Company's processes are evaluated for the inherent risks and classified into high risk, medium risk and low risk processes. The audit scope and coverage are then determined based on the risk characteristic of the underlying processes. The Company's audit process is overseen by the Audit Committee of the Board and is broken into 3 parts – Statutory Audit undertaken by the Statutory Auditors, Internal Audit undertaken by an external audit firm and Internal Process audit undertaken by an in-house audit team. All the aspects across regulatory compliance, company specific policies and procedures, financial reporting and adherence to accounting standards, etc are covered and reported to the Audit Committee of the Board.

As stated above, the RBIA framework of the company has analysed all the functional processes, understood the risks inherent in such processes and tailored an audit scope which is in line with the risk profiles. The Company's audit function is headed by a Chief Audit Officer (CAO), who is a senior professional with years of experience in the audit function. The findings of the audit exercise are presented to the Audit Committee on a quarterly basis and also reported periodically to the Board.

11. Internal Financial Controls:

The internal financial control over financial reporting is a process that is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. The Company's Internal Financial Control system has been designed commensurate to the size and complexity of the company's business and operations. The control system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of the controls and mitigants to ensure that the operations and processes remain at acceptable levels, as far as possible.

The following are the types of controls documented and tested as part of the Internal Financial Controls testing. The Controls are based on the type of the Risks addressed:

Operational Controls: Controls designed and implemented to address the operational level risks or non adherence to the policies and practices of the Company.

Financial Controls: Controls designed and implemented to address the risks of having a financial reporting impact or misstatement in financial statements of the Company.

Compliance Controls: Controls designed and implemented to address the risk of non-compliance with the relevant statutory guidelines / provisions of the law of the land.

The Company has engaged an external audit firm to review the risk control matrices on a periodic basis and undertake a comprehensive testing to certify the efficacy of internal controls and suggest improvements as may be required. Their findings are presented to the Audit Committee on a periodic basis. This ensures that there is an external validation to the efficient workings of the process and financial controls that have been put in place by the company.

Corporate Governance Report

Corporate Governance Report

The fundamental objective of "Good Corporate Governance and Ethics" is to ensure the commitment of an organization in managing the Company in a legal and transparent manner in order to maximize the long-term value for all its stakeholders i.e. shareholders, customers, employees and other partners.

Company Philosophy

Five-Star Business Finance Limited's (Five-Star) philosophy on corporate governance envisages adherence to the highest levels of commitment, integrity, transparency, accountability and fairness, in all areas of its business and in all interactions with its stakeholders.

Your Company has fair, transparent and ethical governance practices, essential for augmenting long-term stakeholder value and retaining investor trust. This has been possible through continued efforts and commitment to the highest standards of corporate conduct.

Your Company has a dynamic, experienced and well-informed Board. The Board along with its Committees, with the Corporate Governance mechanism in place, undertakes its fiduciary duties towards all its stakeholders. Your Company has adopted a set of internal guidelines on Corporate Governance in line with its philosophy and the same is available on the website of the Company at https://fivestargroup.in/investors/.

Your Company was in compliance with the Master Directions applicable to Systemically Important Non-Deposit Taking Non-Bank Finance Companies issued by the Reserve Bank of India and in compliance with the Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and applicable SEBI Regulations.

Board of Directors

The corporate governance practices of the Company ensure that the board of directors remains informed, independent and involved in the Company and that there are ongoing efforts towards better governance to mitigate risks.

The board is committed to representing the long-term interests of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgment on the affairs of the Company.

The Company's day to day affairs is managed by the Chairman & Managing Director and a competent management team, under the overall supervision of the Chairman and the Board. The Company has in place an appropriate risk management system covering various risks that the Company is exposed to which are discussed and reviewed by the Board and other relevant Board Committees. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board, the Senior Management, and all employees of the Company.

Composition

In compliance with the provisions of the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. As on the date of this report, your Board of Directors consists of Eight (8) members including the Chairman & Managing Director. Of these, four (4) are Independent Directors (out of which one (1) is Women Director) and three (3) are Non-Executive Directors.

Mr Lakshmipathy Deenadayalan is the Executive Chairman & Managing Director of the Company.

The board members have collective experience in diverse fields like banking and financial services, audit, finance, risk, compliance, technology and data science. The directors are appointed based on their qualification and experience in varied fields. None of the directors are inter-se related.

The details of directors as of March 31, 2024, including the details of their other board directorship and committee membership reckoned in line with regulation 26 of the SEBI (LODR) Regulations, 2015 and Companies Act, 2013 the Act as well as their shareholdings, are given below:

Name	Category	No of Shares held in the Company	No of Directorship including Five-Star as per reg 17A	No of Committee membership including Five-Star as per reg 26	No of Committee where the Director is Chairperson as per Reg 26
Mr Lakshmipathy Deenadayalan	Promoter Chairman & Managing Director	30,690,678	1	1	-
Ms Bhama Krishnamurthy	Independent Director	Nil	5	5	-
Mr Anand Raghavan	Independent Director	Nil	2	3	2
Mr T T Srinivasaraghavan	Independent Director	Nil	3	2	-
Mr Ramkumar Ramamoorthy	Independent Director	Nil	1	1	1
Mr Vikram Vaidyanathan	Non-Executive Director	Nil	1	1	-
Mr G V Ravishankar	Non-Executive Director	Nil	1	-	-
Mr Vasan Thirulokchand	Non-Executive Director	Nil	1	1	-

The names of the other listed entities where the directors are holding directorship as at March 31, 2024 are given below:

Name	Names of the Listed Entities	Category
Mr Lakshmipathy Deenadayalan	-	-
Ms Bhama Krishnamurthy	Thirumalai Chemicals Limited	Independent Director
	Network18 Media & Investments Limited	Independent Director
	Cholamandalam Investment and Finance Company Limited	Independent Director
	CSB Bank Limited	Independent Director
	Muthoot Microfin Limited	Independent Director
Mr Anand Raghavan	Muthoot Microfin Limited	Independent Director
Mr T T Srinivasaraghavan	Sundaram Finance Limited	Non-Executive Director
	RK Swamy Limited	Independent Director
Mr Vasan Thirulokchand	-	-
Mr Vikram Vaidyanathan	-	-
Mr G V Ravishankar	-	-
Mr Ramkumar Ramamoorthy	-	-

Competencies of the Board

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's business for effective functioning. It is also confirmed that the directors possess these skills and competencies to ensure effective functioning of the Company.

Core Skills / Expertise / Competencies
Financial Services
Strategy & Planning
Risk Management
Corporate Governance
Technology
Management & Leadership

The director-wise skills and competencies are laid out in the table below:

Name	Financial Services	Strategy & Planning	Risk Management	Corporate Governance	Management & Leadership	Technology
Mr Lakshmipathy Deenadayalan	✓	✓	✓	✓	✓	✓
Ms Bhama Krishnamurthy	✓	✓	✓	✓	✓	-
Mr Anand Raghavan	✓	✓	✓	✓	✓	-
Mr T T Srinivasaraghavan	✓	✓	✓	✓	✓	-
Mr Ramkumar Ramamoorthy	-	✓	✓	✓	✓	✓
Mr Vasan Thirulokchand	✓	✓	-	✓	✓	-
Mr Vikram Vaidyanathan	✓	✓	-	✓	✓	-
Mr G V Ravishankar	✓	✓	-	✓	✓	✓

In the opinion of the board, the independent directors of the Company fulfill the conditions specified in Listing Regulations / Companies Act, 2013 and are independent of the management of the Company.

Independent Directors

Pursuant to Section 149(7) of the Companies Act, 2013 read along with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR) Regulations, 2015, the Company has received necessary declarations/ disclosures from each of the Independent Director of the Company stating that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and that he/she has a valid certificate of registration for his/her enrollment into the data bank for Independent Directors.

None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

The Company has formulated and adopted a policy on Fit and Proper Criteria for the Directors as per the provisions of the RBI Master Directions. All the Directors have confirmed that they satisfy the fit and proper criteria at the time of the appointment / re-appointment and on a continuing basis as prescribed under the RBI Master Directions.

The Company had issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company.

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the independent directors had a separate meeting on April 19, 2023, to enable Independent Directors, discuss matters relating to Company's affairs and put forth their views without the presence of the non-independent directors and management team.

Formal Induction and Familiarisation Programme

The Company's independent directors are eminent professionals and are fully conversant and familiar with the business of the Company. The Company has an ongoing familiarization programme for all directors with regard to their roles, duties, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company, etc. The programme is embedded in the regular meeting agenda where alongside the review of operations, financials and Company strategy are presented on a quarterly basis. Specific topics of relevance with respect to the Company's operations are also covered as part of the Board Committee meetings. The details of the familiarization programme attended by directors are available on the website of the company at https://fivestargroup.in/investors/.

Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating Code for Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

All Board members and senior management personnel have affirmed compliance with the Company's code of conduct for the financial year 2023-24. A declaration signed by Chief Executive Officer is enclosed with this report as Annex I.

Meetings of the Board

The board meets at regular intervals with an annual calendar and a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The board is regularly briefed and updated on the key activities of the business and is provided with comprehensive briefings and presentations on operations, compliance, risk management system, internal controls, asset liability management, risk and IT framework, fraud control, quarterly financial statements and other matters concerning the Company.

The Board / Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors / Members are provided with appropriate information in the form of agenda in a timely manner to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management.

Video-conferencing facility was made available to facilitate Director(s) present at other locations to participate in the meetings. The same was conducted in compliance with the applicable laws. The Management Team attends the Board and Committee meetings upon invitation on need basis. The board also takes on record the declarations and confirmations made by the executive director, chief financial officer, and company secretary, regarding compliances of all laws.

During the financial year ended March 31, 2024, 08 (Eight) Board Meetings were held on April 19, 2023, May 09, 2023, July 29,2023, August 16, 2023, October 31, 2023, February 01, 2024, February 29, 2024 and March 16, 2024, and not more than 120 days elapsed between any two meetings

Particulars of the Directors' attendance to the Board Meetings during the financial year ended March 31, 2024, are given below:

Name of the Directors	Designation & Category	No. of meetings entitled to attend	No. of meetings attended	% of attendance	Attendance at last AGM held on September 16, 2023
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	8	8	100.00%	Yes
Ms Bhama Krishnamurthy	Independent Director	8	8	100.00%	Yes
Mr Anand Raghavan	Independent Director	8	8	100.00%	Yes
Mr T T Srinivasaraghavan	Independent Director	8	8	100.00%	Yes
Mr Ramakumar Ramamoorthy	Independent Director	8	7	87.50%	Yes
Mr Vasan Thirulokchand	Non-Executive Non-Independent Director	8	8	100.00%	Yes
Mr Vikram Vaidyanathan	Non-Executive Non-Independent Director	8	5	62.50%	No
Mr Ravishankar G V	Non-Executive Non-Independent Director	8	5	62.50%	No

Changes in Board during the Financial Year

During the financial year under review, Mr Thirulokchand Vasan, Non-Executive Director (DIN 07679930), retired by rotation and being eligible offered himself for reappointment in the last Annual General meeting of the Company held on September 16, 2023.

There were no appointment/resignation or change in designation of directorships during the financial year 2023-24.

Changes in Board after the Financial Year

Mr Vikram Vaidyanathan (DIN: 06764019), non-executive Director representing Matrix Partners India Investment Holdings II, LLC and Mr G V Ravishankar (DIN: 02604007), non-executive director representing Peak XV Partners Investments V stepped down from the Directorship w.e.f April 30, 2024. Details relating to resignation are available in the website of the Company https://fivestargroup.in/investors/ and stock exchanges viz www.bseindia.com, www.nseindia.com.

Director Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, not less than one-third of the total number of retiring directors should retire by rotation, at every Annual General Meeting. For the purpose of this section, the total number of directors to retire by rotation shall not include Independent Directors.

As per provisions of Section 152(6) of the Companies Act 2013, Mr Thirulokchand Vasan (DIN: 07679930) would retire by rotation and being eligible offered himself for re-appointment at 40th Annual General Meeting of the Company.

Certificate from Company Secretary in Practice

Mr S Sandeep, Managing Partner of M/s S Sandeep & Associates has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect has been enclosed to this report as Annex II.

Committees of the Board

The board has constituted various committees to enable focused decision making and discharging its responsibilities. The eight Committees of the board are Audit committee (AC), Nomination & remuneration committee (NRC), Stakeholders relationship committee (SRC), Risk management committee (RMC), Corporate social responsibility committee (CSR), Business & resource committee (BRC), IT strategy committee (ITC) and Customer service committee (CSC). Besides, the board has constituted Asset & liability committee (ALCO), IT steering committee and IT security committee as per the RBI Master Directions.

The board at the time of constitution of each committee fixes the terms of reference, reviews it and delegates powers from time to time. Various recommendations of the committees are submitted to the board for approval. During the year, the board has accepted all recommendations of the committees. The minutes of the meetings of all the committees are circulated to the board for its information.

Details of the Committees of the Board and other related information as of March 31, 2024, are given in the table below:

Name of the Directors	AC	NRC	SRC	RMC	CSR	BRC	ITC	CSC
Mr Lakshmipathy Deenadayalan	-	-	M	M	C	C	M	M
Ms Bhama Krishnamurthy	M	C	-	M	M	-	-	-
Mr Anand Raghavan	C	M	-	M	M	-	-	-
Mr T T Srinivasaraghavan	-	-	-	C	-	-	-	C
Mr Ramkumar Ramamoorthy	-	-	C	M	-	-	C	-
Mr Vasan Thirulokchand	-	-	M	-	-	M	-	M
Mr Vikram Vaidyanathan	M	M	-	-	-	M	-	-
Mr G V Ravishankar	-	-	-	-	-	-	M	-

C: Chairperson M: Member

Audit Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. As on the date of this report, the Audit Committee comprises of the following members:

1. Mr Anand Raghavan, Independent Director (Chairperson)
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr Vikram Vaidyanathan, Non-Executive Director

The Audit Committee of the Board met four (4) times during the financial year on May 08, 2023, July 28, 2023, October 30, 2023 and January 31, 2024 respectively. The gap between two meetings of the Committee did not exceed one hundred and twenty days (120) and the requisite quorum was present in all the Committee meetings. The Chairperson of the Audit Committee is an Independent Director. All the Members of the Committee are financially literate and possess strong accounting and financial management expertise. The Managing Director, Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors are invited to the meetings of the Audit Committee. The Company Secretary of the Company acts as Secretary to the Committee. In line with the requirement under RBI regulations, the committee had separate meetings every quarter with Head – Internal Audit of the company without the presence of the executive director and the management team.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Anand Raghavan	Independent Director	Member & Chairperson	4	4
Ms Bhama Krishnamurthy	Independent Director	Member	4	4
Mr Vikram Vaidyanathan	Non-Executive Director	Member	4	3

Brief description of Terms of reference:

The Audit Committee is one of the key pillars of Corporate Governance, as it ensures hygiene in financial reporting and audit matters. The scope of the committee primarily comes from Schedule II Part C of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (SEBI LODR Regulations). The terms of reference inter-alia includes review/oversee the Company's financial reporting process and the disclosure of its financial interest, recommending to the Board for appointment, remuneration and terms of appointment of the statutory auditor, review of annual financial statements and auditors report, review of statement of uses/ application of funds raised through an issue, granting omnibus/prior approval for the related party transactions, review of inter-corporate loans and investments, valuation of undertaking or assets of the Company, Internal financial controls, review of internal audit reports (including ensuring adequacy of internal audit function, in terms of strength and scope), approving information system (IS) audit policy, reviewing processes and system of internal audit of all outsourced activities, review of whistle blower mechanism and such other matters as prescribed under Companies Act 2013 and SEBI LODR Regulations.

Nomination & Remuneration Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. As on the date of this report, the Nomination & Remuneration Committee comprises of the following members:

1. Mrs Bhama Krishnamurthy, Independent Director (Chairperson)
2. Mr Anand Raghavan, Independent Director
3. Mr Vikram Vaidyanathan, Non-Executive Director

The Nomination & Remuneration Committee of the Board met 2 (Two) times during the financial year on May 08, 2023 and August 16, 2023. The requisite quorum was present in all the Committee meetings. The Committee is chaired by Non-Executive Independent Director. The majority of the members of this committee are independent directors. In addition to the members of the Nomination & Remuneration Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis. The Company Secretary acts as the Secretary to the Committee.

The detailed attendance for the said meetings is given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Ms Bhama Krishnamurthy	Independent Director	Member & Chairperson	2	2
Mr Anand Raghavan	Independent Director	Member	2	2
Mr Vikram Vaidyanathan	Non-Executive Director	Member	2	1

Brief description of Terms of Reference

One of the important aspects of corporate governance is the effective functioning of the Board and its committees, and key management who acts under the guidance of the Board and its committees. The Nomination & Remuneration committees ensure a proper level of balance between executive and non-executive directors and diversity in the Board by undertaking diligence in matters relating to evaluation, appointment and remuneration to the Directors, KMPs and senior management. The scope of the committee primarily comes from Schedule II Part D of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (SEBI LODR Regulations). The terms of reference inter-alia include to consider and recommend persons who are qualified for board positions, evaluate directors performance prior to recommendation for re-appointments, assess the fit and proper criteria of all the directors, identify persons who are qualified to be in senior management and recommend their appointments, remuneration payable and removal. Further, the committee shall work with risk management committee to achieve effective alignment between compensation and risks.

Performance Evaluation of Board, its Committees and Directors

As per the provisions of the Companies Act, 2013 and Directors Appointment, Remuneration and Evaluation Policy, the Board has carried out an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration and Evaluation Policy, which includes a framework to evaluate the performance of Directors, Board and Committees, Criteria for Evaluation. Further, the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, attendance at meetings, Board culture, duties of directors, and governance were reviewed.

The aforesaid policy is available on the website of the Company at https://fivestargroup.in/investors/.

Stakeholders Relationship Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. As on the date of this report, the Stakeholders Relationship Committee comprises of the following members:

1. Mr Ramkumar Ramamoorthy, Independent Director (Chairperson)
2. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director
3. Mr Thirulokchand Vasan, Non-Executive Director

The Stakeholders Relationship Committee met on February 29, 2024. The requisite quorum was present in the Committee meeting. The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Ramkumar Ramamoorthy	Independent Director	Member & Chairperson	1	1
Mr Thirulokchand Vasan	Non-Executive Director	Member	1	1
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member	1	1

Brief description of Terms of Reference

The Stakeholders relationship committee inter-alia oversees the investor grievances. The primary scope of the committee comes from Schedule II Part D of SEBI LODR Regulations. It considers and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

Details of Investor Complaints

While the Company has dematerialized its shares and debentures, there are still some shareholders who hold their shares in physical form. The Company has appointed Kfin Technologies Limited (KFIN) as Registrar and Share Transfer Agent for the equity shares and NSDL Data Base Management Limited (NDML) as its Registrar and Transfer Agent for its debenture's issuances. Both these entities have adequate systems to ensure provision of proper service to the shareholders and debenture holders in accordance with applicable corporate and securities laws and as per accepted service standards.

The Company has not received any complaint from the investors of the Company. All the queries received from investors were duly addressed by the RTAs of the Company

Risk Management Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Regulation 21 of the Listing Regulations and Master Directions issued by Reserve Bank of India. As on the date of this report, the Risk Management Committee comprises of the following members:

1. Mr T T Srinivasaraghavan, Independent Director (Chairperson)
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director
4. Mr Anand Raghavan, Independent Director
5. Mr Ramkumar Ramamoorthy, Independent Director

The Risk Management Committee met 2 (Two) times during the financial year on June 21, 2023 and November 27, 2023. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the Risk Management Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr T T Srinivasaraghavan	Independent Director	Member & Chairperson	2	2
Mr Anand Raghavan	Independent Director	Member	2	2
Ms Bhama Krishnamurthy	Independent Director	Member	2	2
Mr Ramkumar Ramamoorthy	Independent Director	Member	2	2
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member	2	2

Brief description of Terms of Referencee

The risk management committee is constituted under the framework and terms of reference provided under SEBI LODR and Master Directions issued by Reserve Bank of India as applicable to the Company. It inter-alia considers and formulate a detailed risk management policy, ensures that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems, periodically review the risk management policy, including by considering the changing industry dynamics and evolving complexity, appointment, removal and terms of remuneration of the Chief Risk Officer. Besides, the committee periodically monitors the critical risk exposures and makes recommendations to the board, reviews outsourcing risks, review of IT/ cyber security related risks in consultation with IT strategy committee and evaluate the overall risks faced by the Company including liquidity risk.

Corporate Social Responsibility Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Section 135 of the Companies Act, 2013. As on the date of this report the Corporate Social Responsibility Committee comprises of following members:

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (Member and Chairperson)
2. Mrs Bhama Krishnamurthy, Independent Director
3. Mr Anand Raghavan, Independent Director

The Corporate Social Responsibility Committee of the Board met 4 (Four) times during the financial year on May 08, 2023, September 20, 2023, December 26, 2023, and March 16, 2024. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the CSR Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member & Chairperson	4	4
Mr Anand Raghavan	Independent Director	Member	4	3
Ms Bhama Krishnamurthy	Independent Director	Member	4	4

Brief description of Terms of Reference

The Corporate Social Responsibility Committee inter-alia formulates CSR policy, recommends the amount of expenditure to be incurred, oversees the CSR projects, recommend the annual action plan in pursuance of the CSR policy and such other matters as prescribed under Companies Act 2013 and carry out any other function or activity as may be required to ensure that the CSR objectives are met.

IT Strategy Committee - Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Master Directions issued by Reserve Bank of India. As on the date of this report, the IT Strategy Committee comprises of the following members:

1. Mr Ramkumar Ramamoorthy, Independent Director - Chairperson
2. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director – Member
3. Mr G V Ravishankar, Non-Executive Director – Member

The IT Strategy Committee meets regularly to review the areas falling within its terms of reference as given below. During the financial year ended March 31, 2024, the IT Strategy Committee met 2 (Two) times on September 09, 2023, and December 20, 2023 respectively. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the IT Strategy Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Ramkumar Ramamoorthy	Independent Director	Member & Chairperson	2	2
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member	2	2
Mr G V Ravishankar	Non Executive Director	Member	2	1

Brief description of Terms of Reference

The scope of IT Strategy Committee is prescribed under Master Directions issued by Reserve Bank of India. In this regard, the IT Strategy Committee inter-alia recommends/approve the IT strategy and policy documents, oversees the IT process and practices that ensure that the IT delivers value to the business, review the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources, ensuring proper balance of IT investments for sustaining Five Star's growth and becoming aware about exposure towards IT risks and controls, review of adequacy and effectiveness of the business continuity planning and disaster recovery management.

Business & Resource Committee

Composition and Meetings

As on the date of this report, the Business & Resource Committee comprises of the following members:

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (Chairperson)
2. Mr Vikram Vaidyanathan, Non-Executive Director
3. Mr Thirulokchand Vasan, Non-Executive Director

The Business & Resource Committee of the Board met 22 (Twenty Two) times during the financial year on April 19, 2023, June 09, 2023, June 15, 2023, June 22, 2023, June 30, 2023, July 11, 2023, August 09, 2023, August 31, 2023, September12, 2023, September

26, 2023, October 10, 2023, November 06, 2023, November 22, 2023, December 01, 2023, December 12, 2023, December 27, 2023, January 12, 2024, January 29, 2024, February 06, 2024, March 04, 2024, March 19, 2024 and March 23, 2024. The requisite quorum was present in all the Committee meetings.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member & Chairperson	22	22
Mr Vikram Vaidyanathan	Non-Executive Director	Member	22	-
Mr Thirulokchand Vasan	Non-Executive Director	Member	22	22

Brief description of Terms of Reference

The Business & Resource Committee acts upon the delegation of authority provided by the Board of Directors of the Company, it engages as and when required by the business, to approve various requirements such as fund raising by way of issuance and allotment of non-convertible debentures, ESOPs, securitization, credit facilities from bank/financial institution, approve investments / borrowings, assignment of receivables as per the limits prescribed by the board and oversee the asset liability management system of the Company. It further undertakes operational activities such as issuance of duplicate share certificates and matters relating to transmission of shares.

Customer Service Committee

The Company had constituted Customer Service Committee on February 01, 2024, as per the Master Direction - RBI (Internal Ombudsman for Regulated Entities) Directions, 2023.

Composition and Meetings

The Customer Service Committee comprises of the following members:

1. Mr T T Srinivasaraghavan, Independent Director - Chairperson
2. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director – Member
3. Mr Thirulokchand Vasan, Non-Executive Director – Member

There were no meetings of the Consumer Service Committee during the financial year 2023-24.

Brief description of Terms of reference

The Customer Service Committee inter-alia determines the structure of emoluments, facilities and benefits accorded to the Internal Ombudsman /Deputy Internal Ombudsman based on the experience and expertise, review and analyze Customer Complaints furnished by the Internal Ombudsman, approve a Standard Operating Procedure (SOP) for handling complaints and recommend to the Board for its approval, review all cases where the decision of the Internal Ombudsman has been rejected by the Company, review the mechanism of Complaints Management Software.

Remuneration to Director

The Company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Companies Act 2013 and RBI guidelines

The compensation paid to the directors is within the statutory ceiling and the scale approved by the board and shareholders. The non-executive directors are also paid sitting fees subject to the statutory ceiling for all board and committee meetings attended by them.

During the financial year ended March 31, 2024, there were no pecuniary relationship / transactions of any non-executive directors with the Company, apart from receiving remuneration as directors. During the financial year ended March 31, 2024, the Company did not advance any loans to any of its directors.

Criteria for Board Nomination

The Nomination & Remuneration Committee is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The committee has formulated a charter in terms of the provisions of the Act, regulation 19(4) of SEBI LODR Regulations and RBI guidelines, which inter-alia, deals with the personal traits, competencies, experience, background, and other fit and proper criteria. These attributes shall be considered for nominating candidates for board positions/re-appointment of directors.

Criteria for appointment of Senior Management

The nomination & remuneration committee is responsible for identifying and recommending persons who are qualified to be appointed in senior management including recommending their promotion / remuneration. The committee has formulated the charter in terms of the provisions of the Act and SEBI LODR Regulations, which inter-alia, deals with the criteria for identifying persons who are qualified to be appointed in senior management and periodical review of succession planning for board and senior management. These attributes shall be considered for nominating candidates for senior management position.

Particulars of Senior Management

The senior management are identified as per SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 read with Directors Appointment Remuneration and Evaluation Policy. As on March 31, 2024, the following persons were identified as Senior Management of the Company.

Name	Designation
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director
Mr Rangarajan Krishnan	Chief Executive Officer
Mr Srikanth Gopalakrishnan	Chief Financial Officer
Ms Shalini Baskaran	Company Secretary & Compliance Officer
Mr Jayaraman Sankaran	Chief Risk Officer
Mr Naveen Raj	Chief Audit Officer
Mr Vijayraghavan V	Chief Compliance Officer

During the financial year, Mr Vijayaraghavan V was appointed as the Chief Compliance Officer w.e.f October 1, 2023.

Policy on Board diversity

The Nomination & Remuneration Committee has devised a policy on board diversity which sets out the approach to diversity on the board of the Company. The policy provides for having a truly diverse board, comprising of appropriately qualified people with a broad range of experience relevant to the business of the Company.

Remuneration to Chairman & Managing Director

The details of remuneration as approved by the Board and shareholders based on the recommendations of the Nomination & Remuneration Committee and paid to Mr Lakshmipathy Deenadayalan, Chairman & Managing Director for the financial year ended March 31, 2024, are as follows:

Particulars	Amount (In Lakhs)
Gross Salary	-
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	590.27
Value of perquisites under Section 17(2) of Income Tax Act, 1961	1.57
Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-
Commission, Bonus etc	314.5
Stock Options	-
Pension	-
Total	**906.29**

Remuneration to Non-Executive Directors

Sitting Fees

All directors except the Chairman and Managing Director and Non-Executive Directors representing investors are paid a sitting fee of INR 60,000 for attending every meeting of the Board and INR 40,000 for attending every meeting of the Audit Committee, Nomination and Remuneration Committee, IT Strategy Committee and Risk Management Committee meeting, and INR 20,000 for attending Stakeholders relationship Committee and Corporate Social Responsibility Committee, and meeting of Independent Directors.

The details of sitting fees paid to Directors during the financial year are as follows:

Name	Designation	Sitting Fees (INR)	
		Board	Committee
Mr Anand Raghavan	Independent Director	480,000	420,000
Ms Bhama Krishnamurthy	Independent Director	480,000	440,000
Mr T T Srinivasaraghavan	Independent Director	480,000	120,000
Mr Ramkumar Ramamoorthy	Independent Director	420,000	220,000
Mr Vasan Thirulokchand	Non-Executive Director	480,000	20,000
Total		**2,340,000**	**1,220,000**

Commission to Non-Executive Director

The Non-Executive Directors (excluding Nominee Directors of Investors) and Independent Directors of the Company are paid remuneration by way of annual commission based on the recommendation by the Nomination & Remuneration Committee and approval by the Board within the limits prescribed under the Companies Act, 2013.

The details of commission paid to Non-Executive Directors for the financial year ended March 31, 2024, are as follows:

Name	Designation	Commission (INR)
Mr Anand Raghavan	Independent Director	750,000
Ms Bhama Krishnamurthy	Independent Director	750,000
Mr T T Srinivasaraghavan	Independent Director	750,000
Mr Ramkumar Ramamoorthy	Independent Director	750,000
Mr Vasan Thirulokchand	Non-Executive Director	750,000
Total		**3,750,000**

Related Party Transactions disclosures

All related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. There were no materially significant transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company. There were no contracts or arrangements entered into with related parties during the year to be disclosed under sections 188(1) and 134(3)(h) of the Companies Act in form AOC 2.

The Company has in place a policy on related party transactions as approved by the board and the same is available on the website of the Company at https://fivestargroup.in/investors/.

Whistle Blower Policy and Vigil Mechanism

Your Company has established a Vigil Mechanism and has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company. The said policy is available on the website of the Company at https://fivestargroup.in/investors/.

During the year under review, no complaints were received by the Company and no complaints are outstanding as on March 31, 2024.

Disclosure under POSH Act, 2013

Your Company has not received any complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year ended March 31, 2024 and there are no complaints pending as on the end of the financial year.

Code for prevention of insider trading

Your Company has adopted a code to regulate, monitor and report trading by insiders in securities of the company. The code inter-alia requires pre-clearance for dealing in the securities of the Company and prohibits the purchase or sale of securities of the Company while in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed. The board has further approved the code for practices and procedures for fair disclosure of unpublished price sensitive information and policy governing the procedure of inquiry in case of actual or suspected leak of unpublished price sensitive information. The Company has also put in place a structured digital database as required under regulation 3(5) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Subsidiary Company

Your Company does not have any subsidiary Company. However, a policy for determining material subsidiaries is hosted on the website of your Company at https://fivestargroup.in/investors/..

Web-link of policies as per SEBI (LODR), Regulations 2015

Policy for determining material subsidiaries

Click Here

Policy on Related Party Transactions

Click Here

Penalties

There were no penalties, strictures imposed on the Company by any statutory authority / regulatory authority, on any matter related to capital markets, during the last three years.

Fees paid to Statutory Auditors

The total fees paid by the Company during the financial year ended March 31, 2024, to the Statutory Auditors including all entities in their network firm / entity of which they are a part is given below:

Particulars	Amount (INR in Lakhs)
Fees for audit and related services paid to statutory auditors and affiliates firms and to entities of the network of which the statutory auditor is a part	148.29
Other fees paid to statutory auditors & affiliates firms and to entities of the network of which the statutory auditor is a part	47.00
Total Fees	**195.29**

Compliance Certificate on Corporate Governance

The certificate on compliance of corporate governance norms from a practicing company secretary is enclosed to this report as Annex III.

CEO/CFO Certification

Chief Executive Officer and Chief Financial Officer have submitted a compliance certificate to the board regarding the financial statements and internal control systems as required under regulation 17(8) of SEBI (LODR) 2015 is enclosed to this report as Annex IV.

General Body Meetings

Particulars of last three Annual General Meetings and special resolutions passed are given below:

Year	Date & Time	Venue	Special Resolutions Passed
2023	September 16, 2023, at 11.00 AM	Registered Office	- Revision in remuneration of Mr Lakshmipathy Deenadayalan (holding DIN:01723269), Chairman & Managing Director - Fixing of borrowing limits for the Company - Creation of Charges on the assets of the Company - Offer / invitation to subscribe to Non-Convertible Debentures (NCDs) on private placement basis - Ratification of the extension of the benefits under the Five-Star Associate Stock Option Scheme, 2015. - Ratification of the extension of the benefits under the Five-Star Associate Stock Option Scheme, 2015 to the employees of holding, subsidiary companies and group companies (present or future) of the Company - Ratification of Five-Star Associate Stock Option Scheme, 2018 - Ratification of the extension of the benefits under the Five-Star Associate Stock Option Scheme, 2018 to the employees of holding, subsidiary companies and group companies (present or future) of the Company - Approval of Five-Star Associate Stock Option Scheme, 2023 (ASOP 2023) - Approval for extending the benefits of the Five-Star Associate Stock Option Scheme, 2023 (ASOP 2023) to the employees of the group companies, including holding, subsidiary and associate companies (present or future) of the Company
2022	September 2, 2022, at 10.30 AM	Registered Office	- Re-appointment and revision in remuneration of Mr Lakshmipathy Deenadayalan (holding DIN:01723269), Chairman & Managing Director - Offer / invitation to subscribe to Non-Convertible Debentures (NCDs) on private placement basis - Appointment of Mr Ramkumar Ramamoorthy (holding DIN: 07936844) as an Independent Director
2021	August 6, 2021, at 10.30 AM	Registered Office	- Re-appointment of Mr Anand Raghavan as Independent Director - Appointment of Mr Gaurav Trehan as Non-executive Director - Revision in remuneration of Mr D Lakshmipathy, Chairman & Managing Director of the Company - Issue and offer of upto 300,000 equity shares of Rs 10/- each on preferential basis by way of private placement

Extra-Ordinary General Meeting

There were no Extra-Ordinary General Meetings during the financial year ended March 31, 2024.

Postal Ballot

During the financial year ended March 31, 2024, no resolution was passed through postal ballot. No special resolution is proposed to be conducted through postal ballot.

General Shareholder Information

A separate section on the above has been included in the annual report.

Incorporation date	May 7, 1984
CIN	L65991TN1984PLC010844
Registered Office	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India
Company's correspondence details	Five-Star Business Finance Limited New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India Phone: 044 46106200 | Email: secretary@fivestargroup.in Website: www.fivestargroup.in
Annual General Meeting Date and Time Venue	 Friday, September 13, 2024 at 11:00 AM The Annual General Meeting (AGM) will be held through video conference in compliance with the applicable guidelines and circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI).
Financial Year	April 01, 2023 to March 31, 2024
Dividend Payment date	Not applicable
Listing on Stock Exchange	The equity shares of the Company are listed on NSE and BSE BSE Limited Phiroze JeeJeebhoy Towers, Dalal street, Mumbai - 400 001 National Stock Exchange of India Limited Exchange Plaza, Floor 5, Plot C/1, Bandra-Kurla Complex, Bandra (East), Mumbai-400051 The Debt Securities of the Company are listed on BSE
Payment of listing fees	The Company has paid the annual listing fees to both BSE and NSE
Symbol	FIVESTAR
Scrip Code	543663
ISIN (Equity shares)	INE128S01021
Registrar and Share Transfer Agent	**Equity Shares** **KFin Technologies Limited** (Unit: Five-Star Business Finance Limited) Selenium, Tower B, Plot No 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 032, Telangana, India Phone: 040 67162222 | email: einward.ris@kfintech.com **Debt Securities** **NSDL Database Management Limited** 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Phone: 022 4914 2597 | email: sachin.shinde@nsdl.co.in
Dematerialization of shares and liquidity	As of March 31, 2024 99.82% of the Company's shares were held in dematerialized form. The Company's shares are regularly traded on BSE and NSE. Those shareholders who hold shares in physical mode are requested to convert their shareholding to demat mode at the earliest.
In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not Applicable

Share Transfer system	As mandated by SEBI, securities of the Company can be transferred/ traded only in dematerialized form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/ exchange of securities certificate, endorsement, subdivision/splitting consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialized form only. Shareholders holding shares in physical form are advised to avail the facility of dematerialization.
Debenture Trustees	**Catalyst Trusteeship Limited** GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038 Tel: +91 (020) 25280081 | email: dt@ctltrustee.com Website: www.catalysttrustee.com
Outstanding Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Warrants or any Convertible Instruments, Conversion date and likely impact on equity	The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.
Commodity price risk or foreign exchange risk and hedging activities	Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Further, the Company has availed External Commercial Borrowings (ECBs) during the financial year ended March 31, 2022, and has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated thereon. The ECBs are fully hedged and do not possess any foreign exchange risk.
Locations / Offices	The Company's registered office is in Chennai, and it operates out of 520 branches across the country.
Address for Correspondence	KFIN Technologies Limited Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 032, Telangana, India Phone: 040 67162222 | email: einward.ris@kfintech.com Company Secretary & Compliance officer Five-Star Business Finance Limited New No.27, Old No. 4, Taylor's Road, Kilpauk, Chennai – 600 010 Ph: 044 46106200 www.fivestargroup.in | cs@fivestargroup.in
Contact details of the designated official for assisting and handling investor grievances	Ms Shalini Baskaran Company Secretary and Compliance Officer Phone: 044 46106260 Email: shalini@fivestargroup.in |cs@fivestargroup.in

Credit Ratings as on March 31, 2024

Rating Agency	Instrument	Rating
ICRA	Bank Facilities Non-Convertible Debentures Securitization	ICRA AA- (Stable) ICRA AA- (Stable) ICRA AAA (SO)/AA+(SO)/AA(SO)
India Ratings & Research	Bank Facilities Non-Convertible Debentures	IND AA-/Stable IND AA-/Stable
CARE	Long term Bank Facilities Long term/Short term Bank facilities Commercial Paper	CARE AA-; Stable CARE AA-; Stable / CARE A1+ CARE A1+
CRISIL	DA under PCG Scheme of GoI	CRISIL AAA (SO)

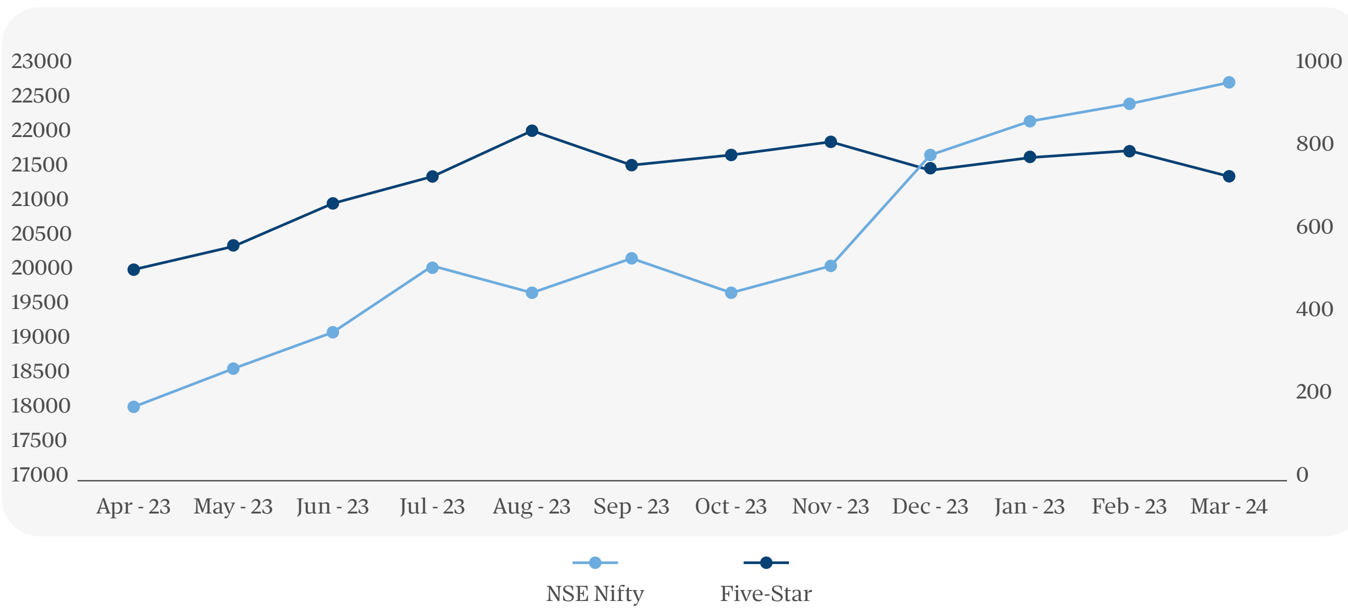
Stock Price Data

The reported high and low closing prices and volume of equity shares of the Company traded on NSE and BSE during the period under review are set out in the table below:

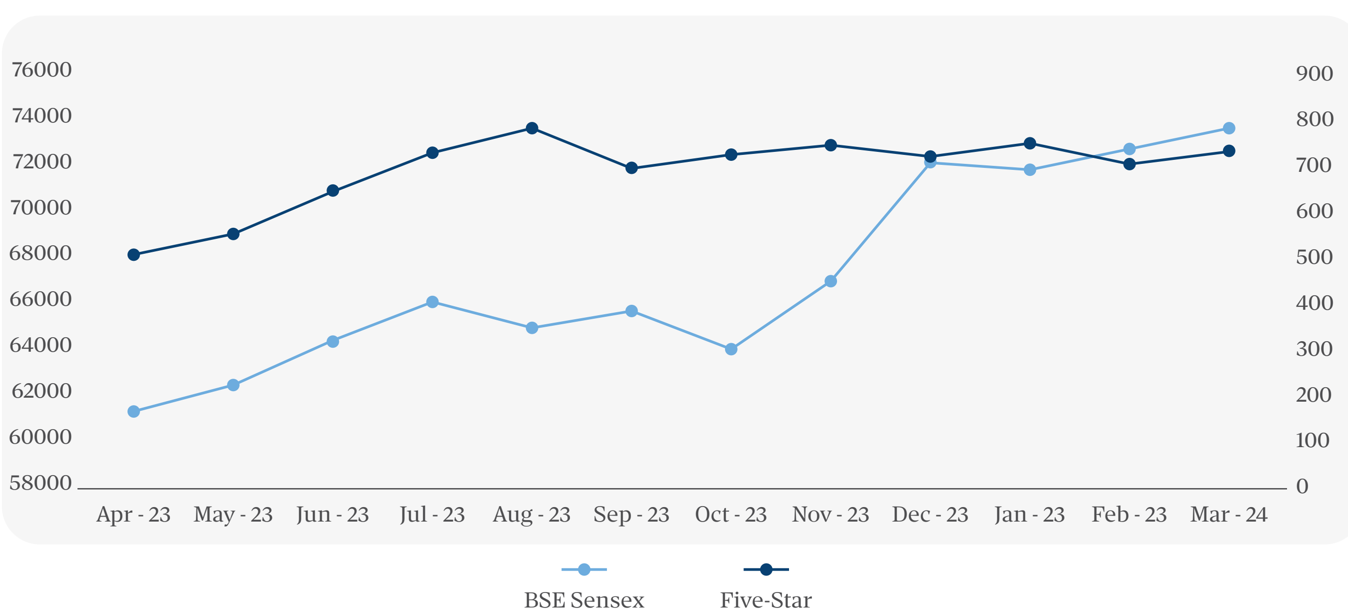
Period	NSE			BSE		
Apr-23	559.95	511.6	579,710	583.00	509.90	484,844
May-23	570.65	514.2	3,037,084	569.95	515.20	122,391
Jun-23	674.8	535.35	10,788,755	675.05	535.35	2,969,943
Jul-23	819.7	621.05	7,231,655	866.95	621.65	308,285
Aug-23	876.55	710.5	12,371,163	875.35	711.20	1,376,603
Sep-23	743.15	679.6	18,167,306	748.85	679.30	28,079,759
Oct-23	793.95	689.95	5,956,684	796.95	689.85	264,734
Nov-23	813.7	735	5,641,099	821.95	733.20	184,244
Dec-23	760	671	34,037,379	758.50	670.45	1,611,250
Jan-24	783.2	705.1	6,816,394	659.70	577.45	262,564
Feb-24	787.75	697.5	8,520,735	621.95	521.35	273,737
Mar-24	737.7	600.05	11,635,453	735.95	601.00	390,448

Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty

NSE NIFTY



BSE Sensex



Distribution of Shareholding:

S.No.	Category (Shares)	No. of Holders	% of Holders	No of Shares	% of Shares
1	1 - 500	45,906	91.01	351,0745	1.20
2	501 - 1000	2,387	4.73	1,739,626	0.59
3	1001 - 2000	975	1.93	1,408,955	0.48
4	2001 - 3000	299	0.59	760,379	0.26
5	3001 - 4000	159	0.32	560,732	0.19
6	4001 - 5000	126	0.25	596,249	0.20
7	5001 - 10000	192	0.38	1,432,937	0.49
8	10001 - 20000	98	0.19	1,394,921	0.48
9	20001 and above	300	0.59	281,044,676	96.10
	Total	**50,442**	**100.00**	**292,449,220**	**100.00**

Shareholding pattern as on March 31, 2024:

S.No.	Category	Total Shares	%
1	Promoters Individuals	51,781,278	17.71
2	Promoter Group	2,826,750	0.97
3	Foreign Promoter Bodies Corporates	22,925,432	7.84
4	Mutual Funds	11,267,307	3.85
5	Alternative Investment Fund	7,577,798	2.59
6	Qualified Institutional Buyer	1,554,867	0.53
7	NBFC	1	0.00
8	Foreign Corporate Bodies	92,771,955	31.72
9	Foreign Portfolio - Corp	71,195,449	24.34
10	Key Management Personnel	3,452,152	1.18
11	IEPF	589,800	0.20
12	Resident Individuals	16,439,466	5.62
13	Employees	863,821	0.30
14	Non-Resident Indian Non Repatriable	1,048,116	0.36
15	Non-Resident Indians	585,531	0.20
16	Bodies Corporates	7,185,225	2.46
17	Clearing Members	9,882	0.00
18	HUF	371,297	0.13
19	Trusts	3,093	0.00
	Total	**292,449,220**	**100.00**

Transfer of Unpaid/Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

Pursuant to Sections 124 and 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, including amendments thereto, dividend if any if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to Investor Education Protection Fund ("IEPF").

The list of unclaimed dividends along with the name of the shareholders have been uploaded on the website of the Company. Further there are no shares in demat suspense account or unclaimed suspense account of the Company as of March 31, 2024, and as of the date of this report.

Transfer of Equity Shares to IEPF

Pursuant to Sections 124 and 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the underlying shares of all dividends which remain unpaid/unclaimed for a period of seven consecutive years be transferred to Investor Education and Protection Fund (IEPF). As required under the said rules, the Company had published a notice in the newspapers inviting the shareholders' attention to the aforesaid rules. The Company had also sent out individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Account, pursuant to the said rules and also displayed the details have been uploaded on the website of the Company.

Unclaimed Suspense Account

As on March 31, 2024, the Company does not have any equity shares lying in the unclaimed suspense account.

Compliance with Corporate Governance Norms

The Company has complied with all the mandatory requirements of Corporate Governance as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to regulation 27(1) of SEBI (LODR), 2015, the Company has also adopted the following discretionary requirements:

- **Modified opinion(s) in audit report:** Your Company confirms that Audit report on financial statements for FY 2024 have unmodified audit opinions.
- **Reporting of internal auditor:** The Internal Auditor of the Company reports directly to the Audit Committee.

Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:

There are no loans and advances in the nature of loans to firms/companies in which directors are interested.

Agreements binding on listed entities:

There are no agreements between shareholders, promoters, related parties, directors, or employees, either amongst themselves or with the Company, impacting management control, restrictions or liabilities that require disclosure to Stock Exchanges. This includes agreements with the listed entity, holding companies, subsidiaries, or associates.

Details of non-acceptance of any recommendation of any committee of the board which is mandatorily required:
During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):
During the year under review, the Company has not raised funds through preferential allotment or qualified institutions placement as specified under 32 (7A) of the SEBI (LODR) Regulations, 2015.

Means of Communication
Your Company focuses on prompt, continuous and efficient communication to all its stakeholders. The Company has provided adequate and timely information to its member's inter-alia through the following means:

a. **Financial Results:** The quarterly, half yearly and annual financial results of the Company are published in the leading newspapers viz Economic Times, Business Standard (English), Makkal Kural (Tamil) and Business Remedies (Hindi) and are also posted on the Company's Website (www.fivestargroup.in).
b. **Website:** In compliance with Regulation 46 of the SEBI LODR Regulations, the Company has maintained a separate section i.e. 'Investor Relations' on the Company's website providing all the announcements made by the Company, annual reports, result and policies of the Company.
c. **Investors/ Analyst Meets:** The Company conducts Calls/ Meetings with investors immediately after declaration of financial results to brief them on the performance of the Company. The Company also conducts one on one call and Meeting with investors.
d. **Presentations to institutional investors/ analysts:** Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half-yearly as well as annual financial results and sent to the Stock Exchanges. These presentations, video recordings and transcript of Meetings are available on the website of the Company.
e. **Annual Report:** The Annual Report containing, inter alia, Audited Financial Statement, Board's Report, Auditors' Report and other important information is circulated to the members and others entitled thereto through applicable modes. The Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available in downloadable form on the website of the Company.
f. **NEAPS and NSE Digital Exchange:** NEAPS and NSE Digital Exchange are web based applications designed by NSE for corporates. All periodical and other compliance filings are filed electronically filed on these portals.
g. **BSE Listing Centre (Listing Centre):** Listing Centre is a web-based application designed by BSE for corporates. All periodical and other compliance filings are filed electronically on the Listing Centre.
h. **SEBI Complaints Redressal System (SCORES):** A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports by the Company and online viewing by the investors of actions taken on the complaint and its current status.
i. **Online dispute resolution (ODR):** Securities and Exchange Board of India (SEBI) has rolled out an ODR portal facilitating speedy resolution of disputes. Detailed instructions regarding the process of dispute resolution is provided in the SEBI Circular dated July 31, 2023. Investor may access the Smart ODR portal through https://smartodr.in/login.

Online Services provided by the Registrar and Share Transfer Agent
The shareholders can reach out to the Registrar & Share Transfer Agent, Kfin Technologies Limited, through the modes given below.

Particulars	Information
Email ID	einward.ris@kfintech.com
Toll Free	1800 309 4001
WhatsApp Number	(91) 910 009 4099
Investor Support Centre (Investors can use a host of services like like post a query, raise a service request, track the status of their DEMAT and REMAT request, Dividend status, interest and redemption status, upload exemption forms (TDS), download all ISR and other related forms)	https://ris.kfintech.com/clientservices/isc
E-sign facility (Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination)	https://ris.kfintech.com/clientservices/isr/isr1. aspx?mode=f3Y5zP9DDNI%3d
KYC Status (Shareholders can access the KYC status of their folio)	https://ris.kfintech.com/clientservices/isc/kycqry.aspx
KPRISM: A mobile application as well as a webpage which allows users to access folio details , interest and dividend status, FAQs, ISR Forms and full suite of other investor services	https://kprism.kfintech.com/signin.aspx
KFIN Corporate Website Link	https://www.kfintech.com
Corporate Registry (RIS) Website Link	https://ris.kfintech.com

Annex I

Declaration on Code of Conduct

This is to confirm that the Board has laid down a Code of Conduct for all board members and senior management of the Company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2024, as envisaged in schedule V under regulation 34(3) of the SEBI (LODR), 2015.

Place: Chennai
Date: April 30, 2024

Rangarajan Krishnan
Chief Executive Officer

Annex II

Certificate from Company Secretary in Practice

(Pursuant to Regulation 34(3) read with Schedule V Para-C Sub clause (10) (i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
FIVE-STAR BUSINESS FINANCE LIMITED
New No. 27, Old No. 4, Taylor's Road,
Kilpauk, Chennai -600010

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **FIVE-STAR BUSINESS FINANCE LIMITED** having CIN: L65991TN1984PLC010844 and having its registered office at New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai -600010 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Name of Director	DIN	*Date of Initial appointment in Company
Deenadayalan Lakshmipathy	01723269	21/06/2002
Anand Raghavan	00243485	28/07/2016
Ramkumar Ramamoorthy	07936844	08/06/2022
Bhama Krishnamurthy	02196839	12/04/2016
Vikram Vaidyanathan	06764019	21/08/2015
Ravi Shankar Venkataraman Ganapathy Agraharam	02604007	18/08/2017
Thiruvallur Thattai Srinivasaraghavan	00018247	25/08/2021
Thirulokchand Vasan	07679930	15/12/2016

*the date of appointment is as per the MCA Portal.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN:F005853F000297309
FCS No.: 5853
C P No.: 5987
PR No: 1116/2021

Place: Chennai
Date: April 30, 2024

Certificate on compliance with the conditions of Corporate Governance

(Pursuant to Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015)

To
The Members
FIVE-STAR BUSINESS FINANCE LIMITED
(CIN: L65991TN1984PLC010844)

We have examined the compliance of the conditions of Corporate Governance by **FIVE-STAR BUSINESS FINANCE LIMITED** (CIN: L65991TN1984PLC010844) ("the Company"), for the financial year ended on March 31, 2024, as stipulated in Regulations 17 to 27 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Management's Responsibility:
The compliance of conditions of Corporate Governance is the responsibility of the Management. The responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with conditions of Corporate Governance as stated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our Responsibility:
Our examination was limited to examining procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion:
In our opinion, on the basis of our examination of the relevant records produced, explanations and information furnished, we certify that the Company has complied with all mandatory regulations and the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year ended March 31, 2024.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN:F005853F000297311
FCS No.: 5853
C P No.: 5987
PR No: 1116/2021

Place: Chennai
Date: April 30, 2024

CEO & CFO Certification

Pursuant to Regulation 17(8) of SEBI, LODR, 2015

The Board of Directors
Five-Star Business Finance Limited

This is to certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2024, and that to the best of our knowledge and belief:
   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, that there are no deficiencies in the design or operation of such internal controls of which we are aware.
4. We have indicated to the auditors and the Audit Committee that
   a. There are no significant changes in internal control over financial reporting during the year;
   b. There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   c. There are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Chennai
Date: April 30, 2024

Rangarajan Krishnan
Chief Executive Officer

Srikanth Gopalakrishnan
Chief Financial Officer


J.W.Bantz

Business Responsibility & Sustainability Report

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE **Annexure E**

I. Details of the Listed Entity

1. Corporate Identity Number (CIN) of the Listed Entity	L65991TN1984PLC010844
2. Name of the Listed Entity	FIVE-STAR BUSINESS FINANCE LIMITED
3. Year of incorporation	1984
4. Registered office address	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai 600010
5. Corporate address	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai 600010
6. E-mail	cs@fivestargroup.in
7. Telephone	044–4610 6200
8. Website	Five Star Business Finance (www.fivestargroup.in)
9. Financial year for which reporting is being done	FY 2023-2024
10. Name of the Stock Exchange(s) where shares are listed	National Stock Exchange, Bombay Stock Exchange
11. Paid-up Capital	INR 292,449,220
Contact Person	
12. Name of the Person	Ms Shalini Baskaran
Telephone	044–4610 6260
Email address	shalini@fivestargroup.in
Reporting Boundary	
13. Type of Reporting- Select	The disclosures in this report have been made on standalone basis for Five Star Business Finance Limited.
If selected consolidated:	Not Applicable
14. Name of assurance provider	Not applicable since the company is not among the Top 150 Listed Entities by Market Capitalisation as on end of FY 2023-24
15. Type of assurance obtained	Not applicable since the company is not among the Top 150 Listed Entities by Market Capitalisation as on end of FY 2023-24

II. Product/Services

	S. No.	Description of Main Activity	Description of Business Activity	% Turnover of the Entity
16. Details of business activities	1.	Onward Lending	Five-Star Business Finance Limited is registered with the RBI as a non-deposit taking NBFC. The company provides secured financial solutions –"small" business loans - to micro-entrepreneurs and self-employed individuals who are largely devoid of access to the formal financial ecosystem, predominantly in urban and semi-urban markets. These loans are collateralized and secured mostly against the self-occupied residential property of the customers in a majority of cases (~95+%). The ticket size of loan typically varies from Rs.1 Lakh to Rs.10 lakh with majority of loans falling in <Rs.5 lakh range, offered with longer tenures of primarily 5-7 years, for the convenience of the customers. The company follows low Loan to Value (LTV) and Debt Burden Ratio (DBR) norms of 50% at the time of origination, which ensure that the loan is more than adequately provided for during the tenure of the loan.	100%

17. Products / Services sold by the entity

S. No.	Product / Service	NIC Code	% of Total Turnover contributed
1.	Small Business	64,920	100%

III. Operations

18. Number of locations where plants and/or operations / offices of the entity are situated

Location	Number of Plants	No. of Offices	Total
National	0	520	520
International	0	0	0

19. a. No. of Locations

Market served by the entity	Locations
National (No. of States)	9
International (No. of Countries)	0

19 b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil; the Company is a domestic entity with 100% of its operations within India

19 c. A brief on types of customers

The Company is in the business of providing secured lending solutions primarily catering to **micro-entrepreneurs, small businesses and self-employed individuals**, who are largely cut off from the formal lending ecosystem, for their business and other needs.

IV. Employees

20. Details as at the end of financial year:

S. No.	Particulars	Total	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
		Employees				
a. Employees and workers (including differently abled)						
1	Permanent Employees (D)	9,322	9,034	97%	288	3%
2	Other than Permanent Employees (E)	5	5	100%	0	0%
3	Total Employees (D+E)	9,327	9,039	97%	288	3%
b. Differently abled employees and workers						
1	Permanent Employees (F)	0	0	0	0	0
2	Other than Permanent Employees (G)	0	0	0	0	0
3	Total Employees (F+G)	0	0	0	0	0

21. Participation/Inclusion/Representation of women

S. No.	Category	Total (A)	No. and % of women	
			No. (B)	% (B/A)
1	Board of Directors	8 (Including the Board of Directors & Managing Director)	1	12.5%
2	Key Management Personnel	3	1	33.33%

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	FY 2023 - 2024 (Turnover rate in current FY)			FY 2022 - 2023 (Turnover rate in previous FY)			FY 2020 - 2021 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	49%	28%	49%	49%	40%	48%	42%	26%	41%

BRSR

V. Holding, Subsidiary, and Associate Companies (including joint ventures)

23. Name of the holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether it is a holding / Subsidiary / Associate / or Joint Venture	% of shares held by the listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Nil	NA	NA	NA

VI. CSR Details

24.a. Whether CSR is applicable as per section 135 of Companies Act, 2013 — Yes

b. Turnover (in Rs.) — INR 219,510.08 lakhs

c. Net Worth (in Rs.) — INR 519,615.47 lakhs

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom the complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If Yes, then provide web-link for the grievance redress policy	FY 2023-24 (Current FY)			FY 2022-23 (Previous FY)		
			Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	Yes	Business-Responsibility-and-Sustainability-Reporting-Policy.pdf	0	0	-	0	0	-
Investors (other than shareholders)	Yes	https://fivestargroup.in/investors/	0	0	-	0	0	-
Shareholders	Yes	Grievance-Redressal-Policy.pdf	0	0	-	0	0	-
Employees and workers	Yes	Whistle-Blower-Policy-Vigil-Mechanism.pdf	0	0	-	0	0	-
Customers	Yes	Grievance-Redressal-Policy.pdf	108	0	-	91	0	-
Value Chain Partners	Yes	Business-Responsibility-and-Sustainability-Reporting-Policy.pdf	0	0	-	0	0	-
Others (please specify)		Not Applicable	0	0	-	0	0	-

26. Overview of the entity's material responsible business conduct issues

Material Issue Identified	Indicate whether risk or opportunity	The rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Please refer the section on 'Material ESG issues in the ESG section of the Annual Report'		

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBCs) as prescribed by the Ministry of Corporate Affairs advocates the following nine principles referred to as P1 to P9.

P1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the wellbeing of all employees

P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	Web links of the policies which cover the principles and core elements of the NGRBCs are as follows: **BRSR Policy:** Business-Responsibility-and-Sustainability-Reporting-Policy.pdf **POSH:** Policy-on-Prevention-of-Sexual-Harrasment.pdf **Code of Conduct:** Code-of-Conduct-for-Board-of-Directors-and-Senior-Management-Personnel.pdf **Whistle Blower Policy:** Whistle-Blower-Policy-Vigil-Mechanism.pdf **Investor Policy:** Investors – Five Star.pdf **Risk Management Policy:** Risk-Management-Policy.pdf **CSR Policy:** Corporate-Social-Responsibility.pdf **Remuneration Policy:** Appointment-Remuneration-Evaluation-Policy.pdf **Board Diversity Policy:** Board-Diversity-Policy.pdf								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	No; the Company has not identified any material ESG risks emanating from our value chain and hence has not extended the policies to include our value chain.								
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance,Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Nil								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	Five Star Business Finance has identified Material ESG issues in FY 2023-24. The Company is working towards identifying goals and targets and will be disclosed in future reports.								

BRSR

6. Performance of the entity against the specific commitments, goal, and targets along with reasons in case the same are not met.	The Company has been working extensively towards the goal of financial inclusion and serving the needs of the underserved. The Company is also committed to contributing to community development through its CSR activities Details of the same are presented in our ESG report.

Governance, Leadership, and Oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements	Please refer the ESG Report for a statement from the Chairman & Managing Director, highlighting our ESG Goals, performance and outlook.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr Lakshmipathy Deenadayalan, Chairman & Managing Director, is the highest authority responsible for implementation and oversight of the Business Responsibility policies.
9. Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.	Mr Lakshmipathy Deenadayalan, Chairman & Managing Director, is the highest responsible for decision making in relation to sustainability related focus areas, goals and other issues.

10. Details of Review of NGRBCs by the Company:

Indicate whether the review was undertaken by the Director / Committee of the Board/ Any other Committee Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)	
Performance against the above policies and follow-up action	The aforementioned policies have been approved by the Board and its Committees. The same have also been reviewed by the Company's Senior Management. Performance against the policies is reviewed on annual basis.
Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	Audit Committee of the Board, along with the Management team review and ensure continued compliance with laws applicable to the Company. No non-compliances were observed/reported in this reporting period.

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	No								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated	On the basis of the level of risk perceived being low, the company has not yet engaged any third party for assessments or evaluation.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	• Familiarisation programs • Update on pillars of the company's business model as part of the Risk Management Committee meetings	100%
Key Management Personnel	2	• Session on Insider trading • Management team was also part of the roadshows done during IPO, wherein investors were taken through in a thorough manner on the Company's business model, underwriting and various other aspects	100%
Employees other than BODs and KMPs	70	Aspects covered in training include: • Code of Conduct • Prevention of Sexual Harassment • Health and Safety • Information Security • Employee Benefits and Policies • Grievance Redressal.	97%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.

a. Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

b. Non Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, as per Five Star's anti-corruption policy, it goes against the company's policy to give anything of value to anybody directly or indirectly in order to influence decisions, unlawfully obtain or maintain business, or otherwise benefit unjustly from business connections. Receiving or agreeing to receive anything of value that causes or would cause to breach the duties at Five Star is also prohibited. The web-link of the policy - Anti-Corruption-or-Anti-Bribery-Policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

No instances of corruption or bribery were observed or reported in the past two financial years.

Category	FY 2023-24 (Current FY)	FY 2022-23 (Previous FY)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

Nil. There were no instances of conflict of interest reported in FY 2023-24 and FY 2022-23

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable; no cases of corruption or conflict of interest were reported in FY 2023-24 and FY2022-23.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

Particulars	FY 2023-24	FY 2022-23
Number of days of accounts payables *	NA	NA

The Company is in the business of offering financial services (Small business loans and mortgage loans) and hence Not Applicable

9. Open-ness of Business

Particulars	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	NA	NA
	b. Number of dealers / distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	NA	NA
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	NA	NA
	b. Sales (Sales to related parties / Total Sales)	NA	NA
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	NA	NA
	d. Investments (Investments in related parties / Total Investments made)	NA	NA

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year

No specific awareness programmes to value chain partners were conducted during the financial year.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Company has Code of Conduct for Board of Directors and Senior Management Personnel.

The Board members and SMPs, on an annual basis, provide an affirmation that they have complied with the Code of Conduct for the financial year under review and that there were no instances of conflict of interest during the year. The Board members and SMPs do not participate in agenda items at the Board/Committee Meetings in which they are an interested or deemed to be an interested party. The code may be viewed at the following link.

Code-of-Conduct-for-Board-of-Directors-and-Senior-Management-Personnel.pdf (fivestargroup.in)

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

The company is in the business of offering financial services (small business loans and mortgage loans) and does not have significant scope for investing in the set R&D and Capex.

Type	FY 2023-24 Current financial year	FY 2022-23 Previous financial year	Details of improvement in social and environmental aspects
Research & Development (R&D)	NA	NA	NA
Capital Expenditure (CAPEX)	NA	NA	NA

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

No, given the nature of the Company's business, the Company sources materials only for running its operations. Accordingly, sustainable sourcing is not a key focus area of for the Company.

b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Product	Process to safely reclaim the product
a. Plastics (including packaging) b. E-Waste c. Hazardous Waste	Hazardous and e-waste are disposed through authorized recyclers, in accordance with the laws of the land.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

The company is in the business of providing secured lending solutions primarily catering to micro-entrepreneurs, small businesses and self-employed individuals hence the said assessment is not applicable

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency – (Yes/No)	Results communicated in public domain – (Yes/No) If yes, provide the web-link.
NA	NA	NA	NA	NA	NA

BRSR

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
NA	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Since the company is in loan lending business, no inputs materials are used in the same.

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
NA	NA	NA

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24 Current financial year			FY 2023-24 Current financial year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (Including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

The company is in the business of providing secured lending solutions primarily catering to micro-entrepreneurs, small businesses and self-employed individuals, utilisation of packaging materials and wastes generated thereof is negligible.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

The company is in the business of providing secured lending solutions primarily catering to micro-entrepreneurs, small businesses and self-employed individuals hence reclaiming products and their packaging materials does not arise.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

FY 2023-24 Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Employees											
Male	9,034	9,034	100%	9,034	100%	0	0%	NA	NA	NA	NA
Female	288	288	100%	288	100%	288	100%	NA	NA	NA	NA
Total	9,322	9,322	100%	9,322	100%	288	3%	NA	NA	NA	NA
Other than Permanent Employees											
Male	5	3	60%	5	60%	NA	NA	NA	NA	NA	NA
Female	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Total	5	3	60%	5	60%	NA	NA	NA	NA	NA	NA

b. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

Particulars	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
Cost incurred on well-being measures as a % of total revenue of the company	0.25	0.29

2. Details of retirement benefits, for Current FY and Previous financial year:

S.No	Benefits	FY 2023-24 Current financial year		FY 2022-23 Previous financial year	
		No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
1.	PF	9,323	Yes	7,343 (~100%)	Yes
2.	Gratuity	9,323	Yes	7,302 (~99%)	Yes
3.	ESI	5,237	Yes	4,849 (~66%)	Yes
4.	Others	NA	NA	NA	NA

3. Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Company ensures that our premises are accessible for differentially abled employees (corporate office). The Company's premises have elevators, and / or ramps wherever possible. The Company is committed to ensuring that its office spaces are in alignment with the guidelines provided in the Act. However, our branches in tier 3, tier 4, tier 5 and tier 6 cities may not always have such facilities as all our branches are rented facilities and we may not be able to undertake structural modifications.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

Yes, we follow the principles of equal opportunity and endeavor to provide equitable growth and development opportunities to all. This policy may be viewed at the following link: Equal-Opportunity-Policy.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Total number of people returned after parental leave in FY 2023-24	Total Number of people who took parental leave in FY 2023-24	Return to work rate	Total Number of people retained for 12 months after returning from parental leave	Total number of people returned from parental leave in prior FY	Retention Rate
Permanent Employees						
Male	NA	NA	NA	NA	NA	NA
Female	4	7	57%	1	1	100%
Total	4	7	57%	1	1	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Category	Yes / No	Details of the mechanism in brief
Permanent Employees	Yes	All our employees have access to Grievance Redressal mechanism irrespective of hierarchy. A Whistle-Blower Policy has been formulated for employees and Directors to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct policy. The Company has zero tolerance for sexual harassment at the workplace and is compliant with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
Other than Permanent Employees	Yes	Grievances reported, if any, are addressed within ten working days.

7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

Category	FY 2023-24 (Current FY)			FY 2022-23 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Permanent Employees						
Male	9,034	0	0%	7,078	0	0%
Female	288	0	0%	224	0	0%
Total	9,322	0	0%	7,302	0	0%
Permanent Workers						
Male	5	0	0%	37	0	0%
Female	0	0	0%	8	0	0%
Total	5	0	0%	45	0	0%

8. Details of training given to employees and workers:

a. Details of Skill training given to employees and workers.

Category	FY 2023-24 (Current FY)			FY 2022-23 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received Skill Training (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received Skill Training (D)	% (D/C)
Permanent Employees & Non-Permanent Employees						
Male	9,039	8,700	98%	7,115	7,000	98%
Female	288	250	87%	232	200	86%
Total	9,327	9,150	98%	7,347	7,200	98%

b. Details of training on Health and Safety given to employees and workers.

Category	FY 2023-24 (Current FY)			FY 2022-23 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received training on Health and Safety measures (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received training on Health and Safety measures (D)	% (D/C)
Permanent Employees & Non-Permanent Employees						
Male	9,039	5,946	66%	7,115	4,742	66%
Female	288	126	44%	232	141	61%
Total	9,327	6,072	65%	7,347	4,883	66%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24 (Current FY)			FY 2022-23 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who had a career review (D)	% (D/C)
Permanent Employees						
Male	9,039	5,948	65.80%	7,115	4,293	60.34%
Female	288	206	71.53%	232	147	63.36%
Other	0	0	0.00%	0	0	0.00%
Total	9,327	6,154	65.98%	7,347	4,440	60.43%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)	No
a.1. What is the coverage of such system?	Not Applicable
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	Significant health and safety risks identified for our employees relate to Road Safety only. Suitable remedial measures have been instituted.
c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)	Not Applicable
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes; all employees are covered under Company provided Group Medical Insurance.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.5	0.75
Total recordable work-related injuries	Employees	11	12
No. of fatalities	Employees	2	1
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.
Fire extinguishers are placed at appropriate places to ensure safety environment, At the time of on boarding the new joiners are briefed on the process to be followed at the time of evacuation due to fire/natural calamities. Hand sanitizers are provided at the entry points and also will be provided to employees on need basis.

13. Number of Complaints on the following made by employees and workers:

Topic	FY 2023-24 Current financial year			FY 2022-23 Previous financial year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No such assessments have been undertaken in the current year; no such statutory requirements.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.
Significant health and safety risks identified for our employees relate to Road Safety only. Suitable remedial measures have been instituted.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N)

No. While the company has not enrolled for any life insurance scheme, for those covered under PF and ESI coverage is available as per the respective statute.

(B) Workers (Y/N) - No

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

On a monthly basis, the company reconciles the accounts with the legal fees that Value Chain Partners must pay in order to claim credit. The partner is reminded to make the remittance on time. If there are any delinquencies in the same, adequate follow-up is done. The company withholds any money owed to the vendor up to the amount of overdue statutory dues. If after repeated reminders, statutory dues are not paid by the vendor, further operations with the vendor in question are suspended until the payment is duly completed.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Particulars	Total No. of affected employees / workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24 Current FY	FY 2022-23 Previous FY	FY 2023-24 Current FY	FY 2022-23 Previous FY
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No such assessments have been undertaken in the current year; no such statutory requirements.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No specific assessment in respect of the value chain partners has been carried out.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all their stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity:

At Five Star, stakeholders have been defined as an institution, individual(s) or a group of individuals who contribute or create value for the organization, in line with the organization's core vision and mission. Currently the Company has identified the following as key stakeholder groups: employees (across all management levels), investors, customers, lenders, and communities of beneficiaries (CSR-programs)

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Branch level awareness	Ongoing	Terms of business; Providing awareness about the concept of NPA, Due date, FPC.
Investors	No	Earnings call, website disclosures	Quarterly	Various topics relating to Company's performance;
Communities	Yes	Through our CSR Contributions	Periodic basis	Prior to the donation being accepted by the CSR committee based on completing the qualifying requirements stipulated by the Companies Act 2013, the Five-Star Team will visit and ascertain the concerns and needs of the people, particularly in the three areas of healthcare, livelihood, and education. Additionally, the business monitors whether expenditures are done appropriately, or contributions have reached the intended recipients. The results of these reviews and investments made are regularly shared with the CSR Committee.
Employees	No	E-Mail	Ongoing	Organizational policies and process, compliance to code of conduct etc Performance reviews
Lenders	No	E-Mail	Ongoing	The lenders are engaged on a frequent basis on 1. Performance updates, both financial & operational 2. Ad hoc updates, basis any event in the Company or external environment The goal is to keep the lenders informed of all significant events through regular updates as well as ad hoc updates based on the occurrence of any significant event. Communication on findings, upgrading of security or hypothecation, covenant compliance, etc. are all examples of periodic updates. In addition to these, there will occasionally be one-on-one meetings with lenders, either during normal limit renewal or review or in response to any significant business-related or external environment incident. These typically include guidance for the short- to medium-term as well as performance updates.

LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company encourages constant and proactive engagement with its stakeholders to better communicate its strategies and performance. The Board is kept well informed on the progress made by various departments, and feedback on the same is sought from the Directors.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the stakeholder consultations are one of the key inputs to determining the Company's material topics. As part of this process, the Company looked at the aspects each stakeholder highlighted during the engagement and prioritized them using a matrix to arrive at key material topics. Please refer the ESG report 2023-24 for further details.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Not applicable; Currently, the Company has not received any complaints or flagging of concerns from vulnerable/ marginalized stakeholder groups.

PRINCIPLE 5: Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24 Current financial year			FY 2022-23 Previous financial year		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	9,322	6,067	65%	7,302	4,821	66%
Other than Permanent	5	5	100%	45	37	86%
Total Employees	9,327	6,072	65%	7,347	4,883	66%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24 Current financial year					FY 2022-23 Previous financial year				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Total	9,322	1,089	12%	8,233	88%	7,302	345	5%	6,957	95%
Male	9,034	1,045	12%	7,989	88%	7,078	309	4%	6,769	96%
Female	288	44	15%	244	85%	224	36	16%	188	84%
Other than Permanent										
Total	5	0	0%	5	100%	45	2	4%	43	96%
Male	5	0	0%	5	100%	37	2	5%	35	95%
Female	0	0	0%	0	0%	8	0	0%	8	100%

3. Details of remuneration/salary/wages, in the following format:

a. Median Remuneration/Wages

FY 2023 - 24	Male			Female		
	Number	Median Remuneration of Men (Rs in lakhs)	Median Wages of Men (Rs in lakhs)	Number	Median Remuneration of Women (Rs in lakhs)	Median Wages of Women (Rs in lakhs)
Board of Directors (BoD)	4	7.5	0	1	7.5	0
Key Managerial Personnel	3	467.76	0	1	26.62	0
Employees other than BoD and KMP	9,381	2.67	0	287	2.61	0

Remuneration to Board of Directors represents Commission paid to Directors.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
Gross wages paid to females as % of total wages	2.38%	2.46%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, there are various committees responsible for human rights impacts and issues in the Company. For instance, the Company has zero tolerance for sexual harassment at workplace and is compliant with the provisions relating to the constitution of Internal Complaints Committees under the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Additionally, Grievance Redressal Policy is in place for any other human rights impacts/ issue.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has zero tolerance and prohibits all forms of exploitative or forced labour, and any type of abuse. The Company is guided by the POSH Act (2013), Code of Conduct as well as Whistle-blower Policy to provide redressal on any grievances. As for customers, under Grievance Redressal Policy, complaints can be submitted through calls, emails, or letters to the concerned grievance redressal officer.

6. Number of Complaints on the following made by employees and workers:

	FY 2023-24 Current financial year			FY 2022-23 Previous financial year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	NA	Nil	Nil	NA
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Yes, A whistleblower policy and vigil system, a code of conduct for directors and senior management, a policy on combating sexual harassment, and a code of fair behavior are all in place as methods for reporting instances of discrimination and harassment. The complainant will be completely protected from any unfair practices such as retaliation, threats of termination or suspension of employment, disciplinary action, transfer, demotion, refusal of promotion, or similar actions, as well as any direct or indirect use of authority to obstruct the his/her right to continue performing his duties and functions, including additional protected disclosure. The Grievance Redressal Policy has also clearly laid out the hierarchy for escalation for the customers to ensure they are treated fairly and respectfully during resolution of their issues.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes; the Company includes compliance to relevant laws (avoidance of child and forced labour) as a pre-requisite in its agreements and contracts with vendors and other partners.

10. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	Nil
Forced Labour/Involuntary Labour	Nil
Sexual Harassment	100 % as per POSH policy
Discrimination at workplace	Nil
Wages	Nil

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

No such incidents were observed in the reporting year.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company is of the belief that it has upheld basic principles of human rights in all its dealings in alignment with its Human Rights Policy. Hence, no significant change is necessitated with respect to the business process.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company has incorporated a culture where its employees and directors feel free to raise any concerns about wrongful conduct, with the help of its Whistle Blower Policy. The said policy provides a Vigilance Mechanism to channelize reporting of instances of wrongful conduct. The Audit Committee oversees the Vigil Mechanism. Employees have been facilitated direct access to the Chairperson of the Audit Committee if need be.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the Company ensures that our premises are accessible for differentially abled employees (corporate office). The Company's premises have elevators, and / or ramps wherever possible. The Company is committed to ensuring that its office spaces are in alignment with the guidelines provided in the Act. However, our branches in tier 3, tier 4, tier 5 and tier 6 cities may not always have such facilities as all our branches are rented facilities and we may not be able to undertake structural modifications.

4. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment Discrimination at worplace Child Labour Forced Labour / Involuntary Labour Wages Others - Please specify	The Company expects all its value chain partners to follow existing regulations with regard to health, safety and working conditions. Our Environment & Social Policy has a prohibited activities list which lays down certain activities that do not qualify for financing which include child labor, forced labor, etc

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No corrective actions were necessitated.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity,

Parameter	Unit	FY 2023-24	FY 2022-23
For Renewable Sources			
Total Electricity Consumption (A) (GJ)		11515.19	9,646.75
Total Fuel Consumption (B) (GJ)		15.99	19.03
Energy Consumption through other sources (C) (GJ)		0	0
Total energy consumed from renewable sources (A+B+C) (GJ)		**11531.18**	**9,665.78**
For Non-Renewable Sources			
Total Electricity Consumption (D)			
Total Fuel Consumption (E)			
Energy Consumption through other sources (F)			
Total energy consumed from non-renewable sources (D+E+F)			
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)(GJ per million INR)		**0.53**	**0.63**
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)		NA	NA
Energy intensity in terms of physical output		NA	NA
Energy intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. –
No; company's business does not qualify under Designated consumers under the Performance, Achieve and Trade Scheme.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)			
(i) Surface water			
(ii) Groundwater			
(iii) Third party water			
(iv) Seawater / desalinated water			
(v) Others			
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	Water consumption at our offices is minimal and is limited to only personnel use (i,e., in toilets, pantries etc). Hence this is currently not being measured/tracked. Furthermore, several of our office locations are shared, rental premises and it is usually not possible to measure/apportion our water consumption separately.		
Total volume of water consumption (in kilolitres)			
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)			
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)			
Water intensity in terms of physical output			
Water intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No

4. Provide the following details related to water discharged:

Parameter	Unit	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)	Water consumption (and consequently discharge) at our offices is minimal and is limited to only personnel use (i,e., in toilets, pantries etc). Hence this is currently not being measured/tracked.		
(i) Surface water			
- No treatment			
- With treatment - Please specify level of treatment			
(ii) Groundwater			
- No treatment			
- With treatment - Please specify level of treatment			
(iii) Third party water			
- No treatment			
- With treatment - Please specify level of treatment			
(iv) Seawater / desalinated water			
- No treatment			
- With treatment - Please specify level of treatment			
(v) Others			
- No treatment			
- With treatment - Please specify level of treatment			
Total water discharged (in kilolitres)			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. NA

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.
Considering the nature of business, the Company's usage of water is restricted to human consumption purposes only. The Company has not implemented a mechanism for zero liquid discharge.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:
Not applicable as the Company is in the service industry and there are no process emissions.

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	mg/m3	NA	NA
SOx	mg/m3	NA	NA
Particulate matter (PM)	mg/m3	NA	NA
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	mg/m3	NA	NA
Others – please specify	PPM	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	1.08	1.2
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	2,578.94	2,170.52
Total Scope 1 and Scope 2 emissions per rupee of turnover (in Rs.)	**tCO2e**	**2,580.01**	**2,171.72**
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)		NA	NA
Total Scope 1 and Scope 2 emission intensity in terms of physical output		NA	NA
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide detail

Currently, the Company does not have any project related to reducing Green House Gas emission reductions as its emissions are not significant.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	The company does not generate any significant amount of waste in our corporate head office or our branch offices. Quantity of waste generated is currently not being tracked. Will be reported in future years.	
E-waste **(B)**		
Bio-medical waste **(C)**		
Construction and demolition waste **(D)**		
Battery waste **(E)**		
Radioactive waste **(F)**		
Other Hazardous waste. Please specify, if any. **(G)**		
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Total (A+B + C + D + E + F + G+ H)		
Waste intensity per rupee of turnover (Total waste consumed/ Revenue from operations)		
(Total waste consumed/Revenue from operations adjusted for PPP)		
Waste intensity in terms of physical output		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste	The company does not generate any significant amount of waste in our corporate head office or our branch offices. Quantity of waste generated is currently not being tracked. Will be reported in future years.	
(i) Recycled		
(ii) Re-used		
(iii) Other recovery operations		
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	The company does not generate any significant amount of waste in our corporate head office or our branch offices. Quantity of waste generated is currently not being tracked. Will be reported in future years.	
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations		
Total		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has not put in place a specific strategy for waste management as it does not generate a significant amount of wastes. Hazardous/e-wastes are disposed responsibly through authorized recyclers.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Not Applicable

LEADERSHIP INDICATORS

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area – Not Applicable

(ii) Nature of operations - Not Applicable

(iii) Water withdrawal, consumption and discharge:

Parameter	Unit	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)			
(i) Surface water			
(ii) Groundwater			
(iii) Third party water			
(iv) Seawater / desalinated water			
(v) Others			
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)			
Total volume of water consumption (in kilolitres)	Water consumption at our offices is minimal and is limited to only personnel use (i,e., in toilets, pantries etc). Hence this is currently not being measured/tracked.		
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)			
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)			
Water intensity in terms of physical output			
Water intensity (optional) – the relevant metric may be selected by the entity			
Water discharge by destination and level of treatment (in kilolitres)			
(i) Surface water			
- No treatment			
- With treatment - Please specify level of treatment			
(ii) Groundwater			
- No treatment			
- With treatment - Please specify level of treatment			
(iii) Third party water	Water consumption (and consequently discharge) at our offices is minimal and is limited to only personnel use (i,e., in toilets, pantries etc). Hence this is currently not being measured/tracked.		
- No treatment			
- With treatment - Please specify level of treatment			
(iv) Seawater / desalinated water			
- No treatment			
- With treatment - Please specify level of treatment			
(v) Others			
- No treatment			
- With treatment - Please specify level of treatment			
Total water discharged (in kilolitres)			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

There are no Scope 3 emissions from upstream and downstream value chains of the company.

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.
Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:
Not Applicable

5. Does the entity have a business continuity and disaster management plan?
Yes, The Business Continuity Policy of Five-star Business Finance ensures that the core IT system functions as soon as possible after any incident that disturbs the organizations Business operations. The Business Continuity program is linked closely to the IT Disaster Recovery Process and also works back closely with other specialised processes including the Cyber Crisis Management Plan. The plan enables Fivestar Business staff to address the disturbance to core Business applications, systems and networks, helps prioritise efforts and ensures that the recovery begins as quickly as possible in a methodical manner.
This would also involve general contigency procedures outlining the overall generic steps involved in the response recovery resumption and return phases.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.
The company being a financial institution, does not have any adverse impact to the environment from its value chain.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.
Not applicable

PRINCIPLE 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a) Number of affiliations with trade and industry chambers/ associations.
One

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Finance Companies Association(India)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities
Not applicable as no issues or adverse orders, related to anti-competitive conduct by the Company were raised by regulatory authorities.

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity:
The company has not advocated any public policies. Hence assessing its position is not applicable.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.
Not applicable. There were no social impact assessments required to be taken by the Company by applicable laws.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:
Not applicable. No such projects where Rehabilitation and Resettlement is required are being undertaken by the Company.

3. Describe the mechanisms to receive and redress grievances of the community

The Company undertakes CSR initiatives by contributing to reputed and recognized institutions such as the Ramakrishna Mission, the Single Teachers' School (Part of the Ramakrishna Mission), the MS Swaminathan Research Foundation. The Company also supports other organizations with donations to worthwhile purposes such as education, sustainable livelihood, or healthcare. These organizations supported by the Company undertake the needs assessments and understand the grievances of the communities, which is in-turn communicated to us and then support is extended. A summary of such activities supported is delivered to the CSR Committee of the Board on a regular basis. The Company also monitors whether expenditures have been made in the appropriate location and at the appropriate time.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

Parameter	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ Small producers **Sourced directly from within the district and neighboring districts**	The Company procures a limited number of material other than those that are part of the IT infrastructure. Hence, currently such procurements are not tracked.	

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24	FY 2022-23
Rural	**3.23%**	**0.51%**
Semi - Urban	**3.49%**	**1.08%**
Urban	**5.99%**	**9.21%**
Metropolitan	**1.46%**	**0.69%**

(Place categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not applicable. There were no social impact assessments required to be taken by the Company by applicable laws.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

There are no CSR Projects undertaken in designated aspirational districts under Aspirational Districts Programme(ADP).

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

There are no preferential procurement policy from suppliers comprising marginalized/vulnerable groups.

(b) From which marginalized /vulnerable groups do you procure?

Since there are no procurements from such groups this question is not applicable.

(c) What percentage of total procurement (by value) does it constitute?

Since there are no procurements from such groups this question is not applicable.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

The company does not own or hold any intellectual properties, hence there are no benefits derived or shared from such properties.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

There are no adverse orders pursuant to which any corrective actions are pending.

6. Details of beneficiaries of CSR Projects:

S.No.	CSR Project (Name of the Partner	No. of Persons Benefited from the Project	% of Beneficiaries from Vulnerable and marginalised groups
1.	Thirumalai Charity Trust	Community in large - Hence not quantifiable	60%
2.	Ramakrishna Mission Student Home	300	100%
3.	M.S Swaminathan Research Foundation	400	100%
4.	Maithree Foundation	175	100%
5.	The United Educational & Social Welfare Trust	110	100%
6.	Akshaya Trust	60	100%
7.	All India Movement for SEVA	2,137	60%
8.	All the Children	80	100%
9.	India Vision Institute	20,284	100%
10.	Samabhavana	1,250	100%
11.	Swami Vivekananda Medical Mission	Community in large - Hence not quantifiable	60%
12.	Sri Arunodhayam Charitable Trust	950	100%
13.	Rehoboth	369	100%
14.	HOPE Public Charitable TRUST	100	100%
15.	Akshaya Pathra Foundation	58,000	50%
16.	Tamilnadu Differently Abled Federation Charitable Trust	7	100%
17.	MS Swaminathan Research Foundation	1,890	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback. –
Consumer complaints are addressed by a Grievance Redressal Committee, which is led by senior management personnel. According to the Grievance Redressal Policy, there are a number of ways to receive consumer complaints. For example, customers can call, email, or write to the branch and register their complaints.

The Company's customer service department or the applicable branch managers will reply within 10 days of receiving the complaint. The Company secretary (who is also the Redressal Officer) and Nodal Officer (Head of Risk & Compliance) are the first level and second level points of contact for the escalation, respectively, according to a matrix that is also accessible to customers. Customers may speak with the regulatory authority for non-banking financial companies at the Reserve Bank of India directly if they receive an unsatisfactory response.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information.

Type	As a percentage to total turnover
Environment and Social parameters relevant to product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints

	FY 2023-24 Current financial year			FY 2022-23 Previous financial year		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Others	-	-	-	-	-	-

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	Not Applicable	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.
Yes

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.
Not applicable since no such incidents were reported.

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).
The information on various products and services of the Company is available on:

- Branch office/Registered office
- SERVICES – Five Star (fivestargroup.in)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.
At Five Star, the consumers are educated on digital banking and paperless transaction through the front-end employees at our branches. The consumers are also encouraged to visit the Company's website through which digital transaction/banking services may be availed.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.
The firm notifies its clients through SMS to the registered mobile number in the event of any disruption or termination of vital services. Details about the impact of the disruption or discontinuation are also posted at the branches. The Company will proactively engage with its customers and ensure that they do not suffer on account of disruption of services. If the disruption is due to technological failure, then the Company shall resort to manual means to fulfill the needs of the customers. If the tech disruption is expected to be long lasting, COB plan would be triggered to ensure that the customers are not put to significant difficulties.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)
Not applicable - there is no product information mandated by law. Given the nature of the business, there is limited applicability of this indicator.

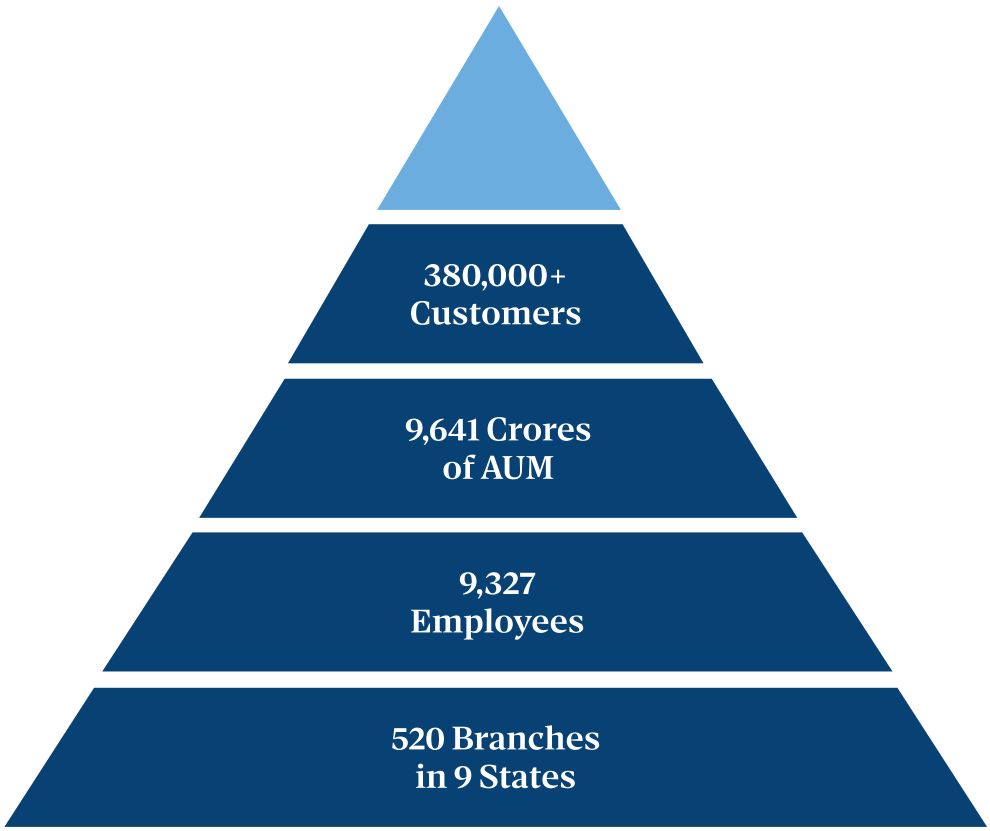
ESG @ Five Star

Fostering Financial Inclusion

About Five Star

Five-Star Business Finance Limited is registered as a Systemically Important Non-deposit taking Non-banking Financial Company ('SI-ND-NBFC') with the Reserve Bank of India. The Company came into existence in 1984. After about two decades of providing loans to micro-entrepreneurs and self-employed individuals for their business, asset creation and other requirements which has benefitted lakhs of customers, we stand tall as an industry leader.

Five Star has been attempting to bridge the credit gap in the market over the last couple of decades, extending financial service to the un-banked and under-banked sections of the society. This in turn, contributes to narrowing the socio-economic divide between urban and semi-urban/rural parts (to a large extent consisting of underprivileged segments of society) and helps achieve higher living standards.



Presence and Reach

With years of experience and a sound understanding of the financing industry, Five Star strives to grow even farther while staying true to its vision.

We have significant presence in Tamil Nadu (including corporate headquarters in Chennai), Andhra Pradesh, Telangana, Karnataka, and Madhya Pradesh. We have also started making early in-roads in the states of Maharashtra, Uttar Pradesh, Chhattisgarh and Rajasthan.

It is significant to note that a large part of our branch presence is in tier 3, tier 4, tier 5 and tier 6 cities and towns, which are semi-urban and rural geographies with rapid population growth, largely devoid of access to formal sources of financial services.

A formidable workforce of over 9,000 employees work tirelessly to help the organization continue on its stellar growth path. Of these, around 8,000 employees are field agents, who help take our business to prospective and existing customers in every nook and corner of geographies where we are present.

Vision

Reaching the Unreached through suitable credit solutions.

Mission

Provide appropriate credit solutions to the hitherto unreached segment of the market by developing a niche underwriting model, built towards evaluating the twin strengths of the borrowers' intention to repay and ability to repay, with the ultimate objectives of increasing customers satisfaction and maximising stakeholders returns

What does 'ESG' mean to us?

There is increasing awareness that businesses do not operates in silos. Social and environmental value created by organizations has come to be recognized as being critical and continue to gain importance, indicating a paradigm shift from the traditional metrices that defined business successes only in financial terms. Corporates world-over have also recognized that they have an important role to play in fostering social equity and creating opportunities for development of members of the communities in which they operate. There is increasing realization that business growth is intricately interlinked with the growth and wellbeing of communities. Likewise, on the environmental front, every individual or business is exposed to the risks emanating from irreversible climate change and its consequences, to varying extents.

Financing businesses have the distinction of being uniquely positioned to contribute to sustainable development by empowering people and businesses to meet their growth aspirations. This is even more true in our case, given that for a substantial part of our customer base, hitherto, there may not have been access to structured financial services.

We recognize the importance of taking cognizance of ESG related risks and opportunities for continued business success. Keeping this in minds, in FY 2023-24, we undertook extensive stakeholder engagements to determine 'material' ESG issues.

Stakeholder Engagement & Materiality Assessment

Five Star accords paramount importance to setting high standards in corporate governance and creating social value. We recognize that there are a host of stakeholders with whom the organization interacts on a day-to-day basis, who are impacted by the organization and its operations.

The table below summarizes our key stakeholders and existing channels of engagement and topics of interest.

Stakeholder group	How we engage with them	Frequency of engagement	Key Discussions
Shareholders / Investors	• Quarterly Investor Calls, Presentations and meetings • Annual General Meetings • Press releases • Dedicated investor grievance redressal channels	• Annual • Quarterly • On an as-needed basis (for grievances)	• Resilient business model and long-term profitability • Corporate reputation • Transparency in corporate governance and disclosures • Financial performance • Risk management • Business ethics and compliance
Employees	• Employee Communication • Employee Engagement Activities • Webinars, learning and development programmes with feedback • Employee web portal • Policies and guidelines	• Continuous • Periodic (newsletters and other communications from the management)	• Business goals, continuity & strategy • Human rights, treating people with respect and dignity • Ethics and compliance to codes and policies • Learning and development • Professional growth
Customers	• Transparent documentation of the terms of business • Publication of customer-relevant information on our website • Customer grievance portal	• Continuous • Need-based	• Customer focus • Financial inclusion • Transparency in operations • Resolution of customer grievances in a timely manner
Local community / NGO	• CSR programmes and initiatives • Needs assessment by implementation partners	• Continuous • Need-based	• Community development • Local employment
Regulatory bodies	• Structured engagement through meetings • Contribution by Management and Directors on matters of policy • Regulatory filings	• Continuous • Need-based	• Compliance with applicable rules and regulations • Corporate Governance & ethics • Contribution to sustainable development

Materiality Assessment

It is important to understand ESG issues that may be of relative priority to each stakeholder groups and which also have the potential to impact the organization in its journey to excellence.

During the reporting year, we undertook a materiality assessment exercise to strengthen stakeholder relationships and understand their views on a host of ESG issues relevant to Five Star. The study also reviewed industry trends, regulatory requirements and performance of peers to firm up on issues that may be material to us.

Our approach to the materiality assessment process and the material issues identified are highlighted below:

Universe of Material Issues → **Stakeholder Analysis** → **Stakeholder Engagment** → **Business Mapping** → **Materiality Matrix**

Universe of Material Issues	Stakeholder Analysis	Stakeholder Engagment	Business Mapping	Materiality Matrix
• Collation of global, sectoral and core business priorities	• Stakeholder Identification and prioritisation	• Interviews, and meetings - inputs from all stakeholder groups on issues of priority	• Mapping business objectives and risks to material issues	• Comprehensive analysis to arrive at Materiality Matrix

Material Issue Identified: 1. Financial Inclusion
Is it a Risk / Opportunity: Opportunity

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Five Star sees an opportunity to contribute to India's growth story by meeting the financial services needs of underserved segments. Access to structured finance could be a game-changer for MSMEs, entrepreneurs and small businesses which employ millions of people.	N.A	**Positive:** Making financial services accessible offers strong growth prospects for the Company while also contributing to the national aspirations of achieving financial inclusion.

Material Issue Identified: 2. Corporate Governance
Indicate Whether Risk / Opportunity: Risk

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Financial services is an industry that is highly regulated and compliance driven. Multiple risks may arise from ongoing/ quick changes in the markets and the regulatory environment for the sector.	Five Star stands for good corporate governance and ethical business practises and has created strong governance frameworks and polices. Please refer the Corporate Governance Report for details of how our Corporate Governance structures work effectively to safeguard the organization from compliance and other risks.	**Negative:** Non-compliance/ any negative sentiments about our Corporate Governance may adversely affect our ability to raise fresh capital and threaten business continuity. In our case, the corollary has been observed to be true, i.e., recognition for strong corporate governance has been facilitating fresh investments in Five Star from financing partners from world-wide

Material Issue Identified: 3. Employee Wellbeing
Indicate Whether Risk / Opportunity: Opportunity

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
We view employees as the Company's most valued asset and accord top priority to ensuring their wellbeing.	N.A	**Positive:** Our motivated workforce has been one of the cornerstones for our continued success. Our on-field employees are the principal touch-points for our customers; business prospects and the reputation of our brand are significantly influenced by how our employees engage with the customers. For this reason, employees receive appropriate trainings and are also rewarded by schemes such as 'Lakshathipathi'. Please refer the ensuing Social section for details.

Material Issue Identified: 4. Stakeholder Engagement
Indicate Whether Risk / Opportunity: Risk

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
In its functioning, Five Star engages with a host of stakeholders, each with different sets of priorities, governed by different sets of rules/conventions for engagement.	The Company has put in place strong governance systems for engagement with stakeholders. Customer and investor grievances are accorded high priority and are regularly reviewed by Senior Management and the Board. An open work culture ensures that employees can voice concerns freely without fear of reprisal.	**Negative:** Weakness in stakeholder engagement & management might have a detrimental effect on the Company's brand, market standing, and clientele. Each stakeholder group is to be handled with due care, responding to their reasonable expectations and maintaining legal compliance.

Material Issue Identified: 5. Digitization
Indicate Whether Risk / Opportunity: Opportunity

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Digitization of business operations can contribute to improving service delivery quality and efficiency for last-mile solutions, including customer service and experience. Use of technology and linked data systems has the potential to facilitate smooth client base growth.	N.A	**Positive:** Digitization has been paving the way for efficient, convenient and secure business with customers.

Material Issue Identified: 6. Risk Management
Indicate Whether Risk / Opportunity: Opportunity

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
To achieve our business objectives and provide long-term value for all our stakeholders, Five Star has recognised effective risk management as a key enabler. The Company has identified key risk categories and suitable safeguards. It is also in the process of identifying and integrating key ESG risks into the overall risk management framework.	A Risk Management Committee (RMC), is responsible for all important and practical facets of risk management The current risk management framework is intended to make it easier to detect, handle, and mitigate emerging risks quickly and effectively. This framework's primary goals and guiding principles include promoting strategic and data-driven decision-making, facilitating supervision, and monitoring, and guaranteeing effective checks and balances. Please refer the Risk Management section of the Annual Report for further details.	**Positive:** Framework for risk management and effective risk supervision provided by the Risk Committee has helped the Company tide through challenges included the COVID-19 pandemic, with efficiency. Effective risk management helped the business resume on its growth path in quick time.

Governance

At Five Star Business Finance, we believe that a sound corporate governance is integral to building long-term value for our stakeholders. Our operations are guided by an effective Board, that comprises industry stalwarts with decades of experience to their credit.

The key pillars of our governance paradigm are accountability, transparency, fairness, and righteous behaviour. We have ensured that an effective governance framework is put in place based on these principles to safeguard the long-term interests of all our stakeholders including minority and individual shareholders. This is epitomized by the fact that several of our Board Committees (Audit Committee, Nomination and Remuneration committee, Risk Management Committee, IT Strategy Committee, Stakeholder Relationship Committee etc) are headed by Independent Directors.

Board Level Committees

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Business and Resource Committee
- Asset Liability Committee
- Risk Management Committee
- IT Strategy Committee
- Stakeholders Relationship Committee

Our strong governance framework enables us to improve our operational efficiency, boost financial returns, and reduce risks while ensuring compliance with applicable regulations. Periodic internal reviews are carried out to validate the functioning of the Management and the governance structures of the Company, including the Board and its committees. This goes a long way in ensuring that the organization adheres to its stated goals and business objectives, while staying true to its vision and mission.

We have a comprehensive set of policies and guidelines that govern our actions. These policies provide a clear framework for decision making and are backed up by appropriate risk management frameworks to ensure compliance. In-line with the materiality assessment conducted and recognizing the rising importance of the ESG in our business, we have developed an ESG policy that has been reviewed and approved by our Board. The policy can be accessed in the link: ESG-Policy.pdf

The following sections discuss briefly some of our priority areas under Governance (including issues that may not have featured in the list of 'material' issues, but have been deemed as significant by the Management.

Risk Management

At Five Star, we recognise multiple risks including strategic, regulatory, and operational risks that can put our finances, human resources, physical, informational, and intellectual property assets as well as our reputation at risk. Like any other business, our business is also exposed to various internal and external risks, and we ensure that these risks are identified through a structured process. We have placed the 'unlent' segment as our top priority and have developed a clear strategy to analyse and mitigate the potential risks arising from such a business proposition.

We have identified the below mentioned risks as primary and have clear policies and procedures in place for monitoring and mitigation of the same.

Our business priority is to connect with consumers residing largely outside of major cities and have the willingness to use trustworthy, established loan channels to fund their business or personal needs.

The independent risk assessment, tracking, and control tasks are facilitated by Five Star's independent risk governance structure.

The Risk Management Policy has been posted on the website of the Company and is available on the web link: Risk-Management.pdf.

Business Ethics & Transparency

At Five Star, we submit any cases relating to ethics & transparency to the Audit Committee which monitors them until satisfactory resolution. These are also documented rigorously and included in the minutes of the Audit Committee's meetings. We have a well entrenched compliance framework managed by a capable team that ensures the Company's policies and business practices are in line with our established code. The stakeholders can file complaints about any unethical practices, misconduct, or grievances. We proactively maintain an ethics helpline that allows our employees to voice concerns or any incident of non-compliance. Every employee must immediately report to the management ethics helpline any real or potential breach of the Code, as well as any event of misconduct, misdemeanour, or act not in the best interests of the Company.

Digitization

We are striving to digitise every aspect of our business as a means to facilitating ease of conducting business. Our front-facing employees' interactions with consumers are used to raise awareness of digital repayment options available, thereby reducing the need for handling/transacting in physical cash. We take delight in observing a rise in online transactions during the previous fiscal year.

Data Privacy & Security

At Five Star, we have made significant progress in the recent years in data protection and cybersecurity. To reduce risks brought about by increasing complexities in the cyberspace, we have embraced cutting-edge technology, such the Amazon cloud platform, periodic Information Technology audits, vulnerability assessments and penetration testing carried out by an independent third party agency. We are increasingly switching to SaaS models, hosting partners like Salesforce or Oracle to minimise the risks. As already stated, an independent information technology audit was conducted during the previous fiscal year.

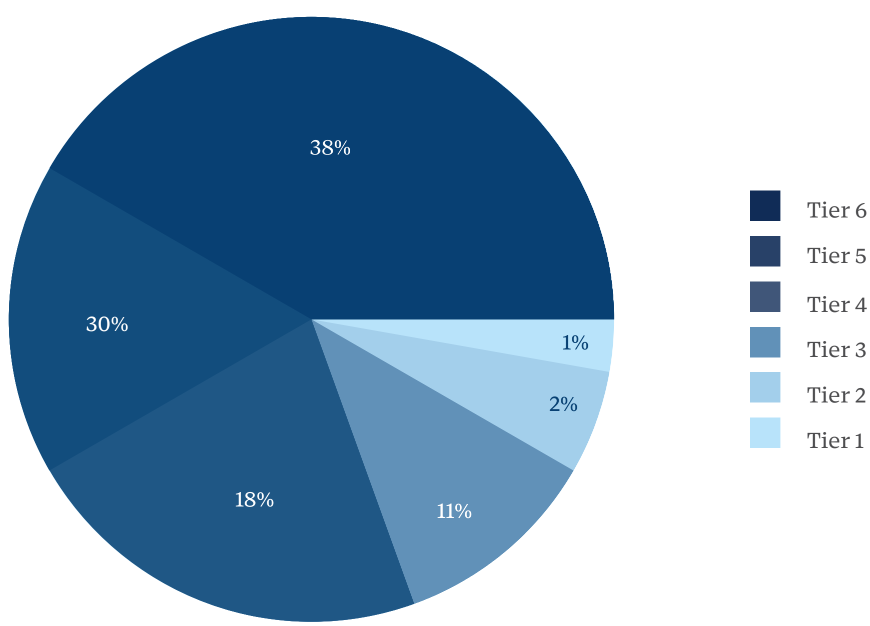
Social

Financial Inclusion

Our organisational motto has been "Reaching the Unreached" or in other words “Lending to the Unlent”. By providing financial services to the ‘unbanked and under-banked’ segments of society, we open the door to financial inclusion and economic empowerment to the masses. Our loans range from INR 1 lakh to 10 lakhs with the average ticket size being around INR 3 to 5 lakhs and help our customers cover their business or personal needs.

The consumers of Five Star predominantly avail loans for meeting their business requirements. They are typically first-time borrowers to the secured borrowing space in the formal financial ecosystem, who may not have been focused upon by large banks or other financial institutions. While about 25% of our customers are completely new-to-credit, we are the first formal lender providing a loan of the size mentioned above, to more than 75% of our customers and this is probably their first experience of availing a secured borrowing from a structured financial organization.

To cater to such customers, a significant part of our branch presence is in Tier-3 and below cities and towns, which have limited presence of other structured players.



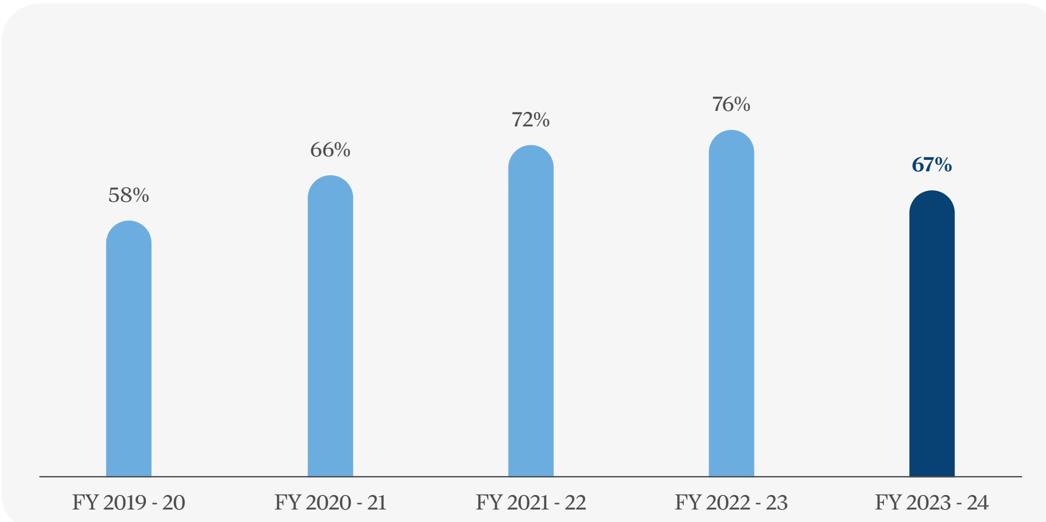
Branch Presence across India

ESG @ Five Star

Our unwavering focus on such a customer base has resulted in a steady increase in the Asset Under Management (AUM) from the Low-Income Group. This reiterates our belief on our core business strategy and also creates positive societal value.

Given the favourable demography of the country, the credit business has large potential, particularly funding the demand from micro-entrepreneurs and self-employed individuals

In an effort to increase the women participation in businesses and major financial transactions (in order to empower them), the company has also been encouraging women to come forward as primary borrowers in family-run establishments.



Asset Under Management from Lower Income Group

Giving people from less fortunate circumstances access to formal credit and financial services safeguards them from exploitation and empowers them to fight the cycle of poverty, fosters inclusive progress and social peace.

The knowledge and experience gained so far in our journey along with the strong brand credentials established in this segment augurs well for the next leg of growth for the Company towards building a robust portfolio.

Customer Relationship Management

The success of Five Star is based on the confidence and steadfastness of our clients, and prioritizing meeting client needs. The organisation has made efforts in this direction through campaigns for financial literacy, product creation, innovation, and personnel training and development.

We have established robust systems for customer grievance management. As a standard practice, we respond to customers within 10 days from receiving their complaints. In case the customer feels their grievances may not have been handled appropriately, they have the option of escalating their concerns to the Grievance Redressal Officer. The Grievance Redressal officer is mandated to respond again within 10 working days. Issues that have not been resolved at this level too, may then be escalated to the Head of Risk & Compliance, who also serves as the Company's Principal Nodal Officer.

Grievance Redressal Mechanism

- Number: 044 - 2346 0957 / 044 - 2346 0958 / 78258 55555
- Email: customercare@fivestargroup.in
- Customers can get in touch with the branch and voice their compliants to the personnel. The compliant must be entered in the Branch's Compliant Register.
- Customers can file written compliants with branch manager of the branch where they obtained the loan by submitting a letter

In rare cases of non-resoultion at Company level, complainants may also reach out to the Reserve Bank of India, which oversees operations of non-banking financial institutions.

However, most of the complaints are resolved at the Company level itself, which is a sign of our strong grievance redressal mechanism. A very small percentage of complaints get escalated to the regulator and even these relate to lack of understanding from the customers' part, and the Company has been able to provide satisfactory responses to the regulator leading to closure of such complaints.

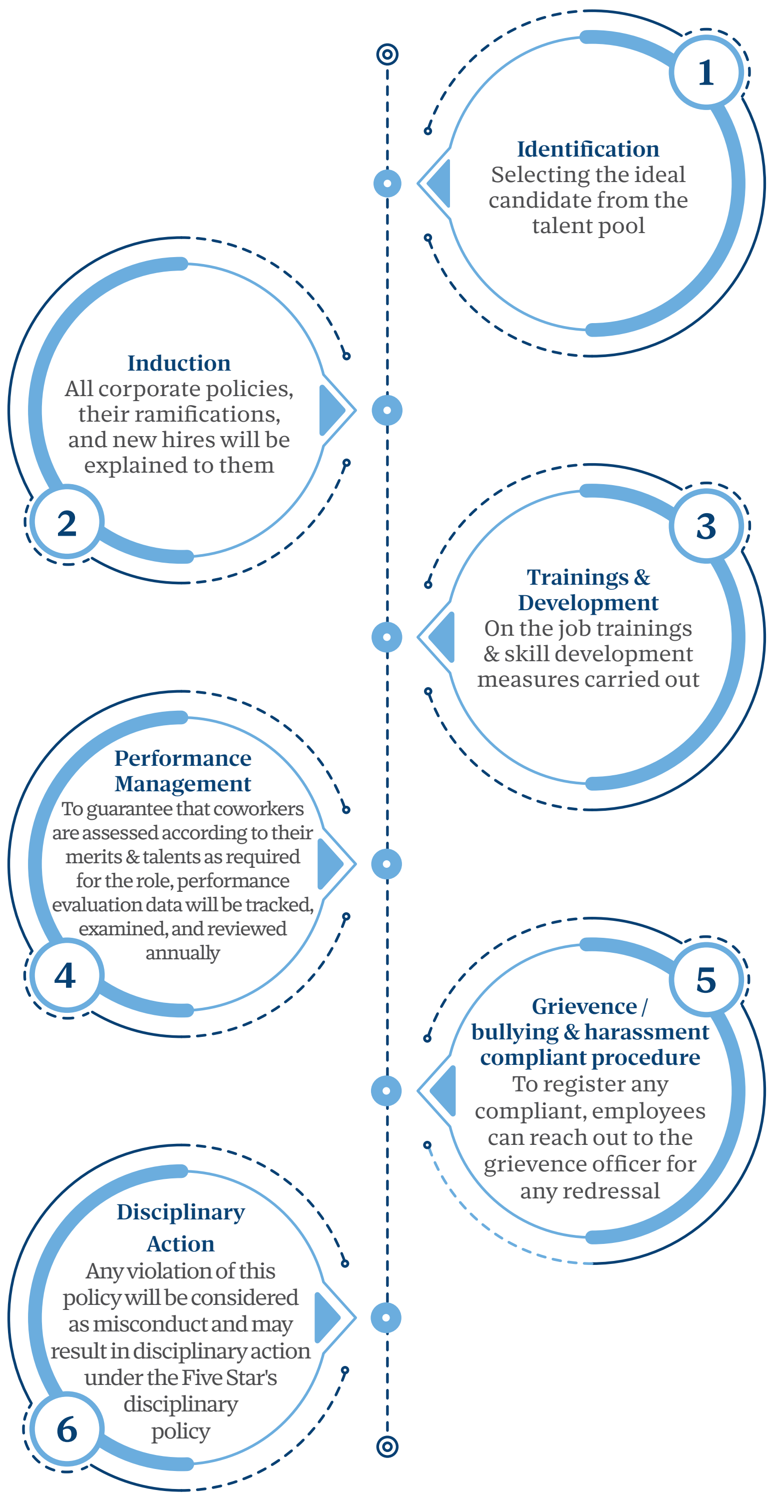
We also have an Internal Ombudsman, who is an independent person looking at the merit of the complaints received, and resolutions provided thereon. We have not had any instance of the Ombudsman disagreeing with the view of the Company on the merits of complaints received at the Ombudsman office or from the regulator.

Talent Management and Retention

Our team of high-performing personnel are closely correlated with the organization's consistency in providing the best-in-class services. Our employees are our biggest assets and have been instrumental to our success since inception.

We select the ideal candidate from the market to ensure that top talents comprise our workforce at all levels. Recruitment in the Company is undertaken by a highly experienced team of Human Resource Personnel who identify and onboard candidates dynamically.

We are an equal opportunity employer and hire employees for permanent and contract positions. All our employees are on-roll employees and we do not engage any off the roll employees, as this may jeopardise their career prospects. For any senior and mid-level recruitment, internal applicants are primarily explored; the role extends to the external job market when the position does not get filled internally. In the last financial year, 756 number of employees were promoted to the managerial positions internally.



Currently, 9,327 people (permanent and non-permanent) are employed by the Company in a variety of roles across our branch offices and regional offices and head office. The Company acts in a manner that demonstrates accountability for the security, safety and wellbeing of the employees.

Employee Benefits

All our employees receive competitive salaries and other benefits in-line with industry best practices.

Our employees at all levels are protected by various health and life insurance policies for a secure future. The ESIC programme, which is supported by the government, covers over 60% of the workforce. All permanent employees of Five Star, regardless of their position, are protected by a family floater health insurance plan with a coverage of upto INR 5 lakhs in addition to the ESIC scheme.

In the event of a medical emergency or casualty, employees working as collection agents are entitled to receiving the basic pay component of their salary for the duration of the treatment period under a group personal accident policy.

1. ESIC Scheme

2. Health Insurance

All the employees are covered under Health Insurance at a base flaoter of INR 5 Lakhs irrespective of desgination and heirarchy

3. Accidental Insurance

All the field agents on the field are covered under group accident policy

4. Maternity Benefits

The female employees are covered under Maternity benefits. The Company witnessed 57% women returning to work in FY 2023 - 24, following their maternity benefits

Employees are eligible to receive a gift voucher for INR 10,000 on the occasion of their marriage.

To retain top talent, the Company has also initiated certain incentive schemes as a means to appreciating employees' relentless contribution to the organization's success.

Lakshathipathi Scheme

The senior employees are given Rs. 1 lakh on successful completion of 3 years at Five Star.

The scheme was introduced in 2018 - 175 employees were covered by the scheme with benefits ranging from 100,000 to 500,000.

2022 scheme - 200 employees are eligible for 100,000/- on completion of 3 years.

Employee Stock Option Schemes

We have made available two Employees Stock Option Schemes, namely

- Five-Star Associate Stock Option Scheme 2015 (ASOP 2015)
- Five-Star Associate Stock Option Scheme 2018 (ASOP 2018)

314 employees have been granted ESOPs under the above schemes.

Diversity, Equity, and Inclusion

Five Star has put in pace a Diversity, Inclusion and Equal Opportunities Policy. The goal of this policy is to create a diverse, engaged, and equitably treated workforce. We support the diversity of our workforce and advance equality by making sure that no one is treated less favourably than another in any matter pertaining to employment based on ethnic origin, nationality, disability, age, gender, religion, marital status, family responsibilities, sexual orientation, social class, or other distinction unrelated to the requirements of the job. We reject all types of unjust and illegal discrimination.

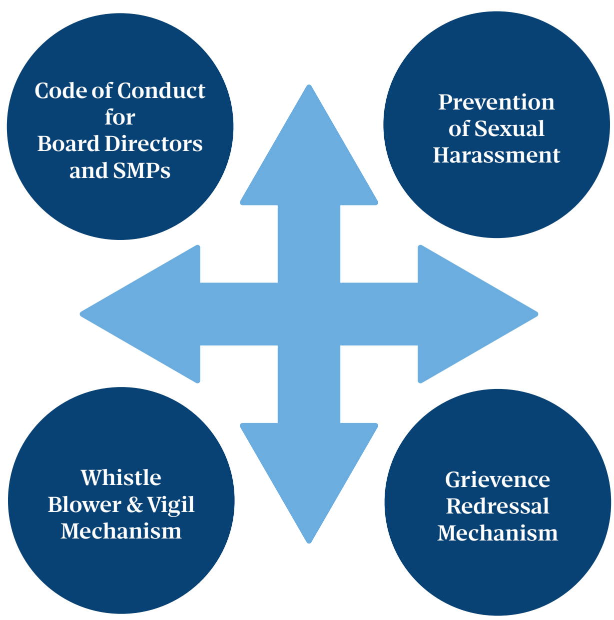
Diversity, Inclusion and Equity policy is available in the following weblink: Diversity-Inclusion-and-Equity-Policy.pdf.

While we have significant number of women employees in our corporate office, the overall percentage of women in the organization not being high is attributable to the fact that a majority of the organisation's employees are field officers. While the Company is open to hiring women candidates for such positions, the job demands – i.e., job being predominantly travel based, having to securely carry cash from customers to the branch and having to work odd-hours at times – seem to be detrimental to women actively joining our ranks. We are actively working towards enhancing the number of women employees, where possible, in the face of such challenges.

Human Rights

Since inception, Five Star has grown and thrived based on a culture of treating people with respect, empathy and dignity. We ensure that our interaction with all stakeholders including employees and customers respect the core principles and practises of Human Rights. We have a zero-tolerance policy regarding all forms of discrimination and harassment (including sexual harassment) at the workplace. Suitable trainings are provided to employees regarding important human rights issues.

No cases of sexual harassement or any other forms of human rights violations have been reported in the current year.



Community Engagement

Community Engagement Corporate Social Responsibility (CSR) is essential to our organisation as we seek to establish Five Star's credentials as a good corporate citizen. We have adopted a CSR strategy that enables us to improve the lives of the communities we impact. Our social initiatives are centred around four focus areas—Education, Skill Development, Health and Hygiene and Community Conservation. The CSR Committee of the Board coordinates and monitors our CSR functions to ensure the successful implementation of our initiatives and creating desired positive impact. The committee meets at least once every quarter to discuss progress and the way forward. The Board receives a quarterly status report on the execution of CSR programmes. As part of our annual CSR action plan, we have undertaken activities in the following areas under the Schedule VII of the Companies Act:

- Livelihood – Eradicating hunger, poverty, and malnutrition, promoting healthcare including preventive healthcare, sanitation and making available safe drinking water
- Education – Promoting education, including special education and employment enhancing vocation skills especially among children, women, and livelihood enhancement projects
- Health – Providing equal opportunity for all people to access good medical and healthcare facilities

Promoting Education

- Education and Maintenance of 300 Orphan Polytechnic Students staying and studying in the Chennai Gurukula of Ramakrishna Mission Student Home for One Year
- Financial Support Maithree Foundation for Education of 100 children and Skilling of 75 Young Adults with special needs with Intellectual and Development Disability (PwIDD) for One Year
- For setting up a Lab for "Every Child a Scientist" program launched by MSSRF with an aim of inculcating scientific temper in students of corporation schools
- For setting up Five Mini Science Centre (STEM Lab) at Government Schools by SAMABHAVANA. It is very educative innovative systemic instrument to revolutionize science and Mathematics education that makes learning accessible
- Helping and transform the future of thousands of tribal rural students thru All India Movement for Seva - Education expenses for 36 Girl students of Dayatirtha Chatralayam , Ambur , Construction of Compound Wall of Boys Chatralayam, Uttar Pradesh and Installation of Solar Power, smart class, tables, chairs etc for the students of Government School, Sembankudi & Theni
- Project undertaken at M.S.Swaminathan Research Foundation towards Fellowship program to create a cadre of young woman and men to work on the proven scientific pathways demonstrated by Prof.M.S.Swaminathan, The fellows are expected to foster discussions and collaborations that advance the principles of Evergreen revolution and sustainable agriculture, promote food security, and address SDG goals in the spirit his vision
- Setting the foundation for basic education and enhanced learning, health and livelihoods of Scheduled Irular Tribal families in Parangipettai block of Cuddalore district, Tamilnadu

Promoting Healthcare

- Project undertaken at Thirumalai Mission Hospital towards Construction of Hospital Building. This will have adequate facilities for accident/trauma care, critical care, surgeries, in-patient beds and research
- Conduct comprehensive Vision/Eye Screening for the marginalised communities and School children from Government Schools to Identify refractive errors and provide spectacles in need. Mobile Eye Health Van (MEHV) to provide access to Advanced Eye Health for Underserved communities in Chennai and the project implemented by India Vision Institute
- Running Expenses of Swami Vivekananda Medical Mission Hospital Unit Ammini Diagnostic Centre at Shenoy Nagar, Chennai.
- Rehabilitation on Wheels for the persons with disabilities in the remote villages at PALLIPET TALUK – Physically and Intellectually challenged children to address and will provide essential therapy services to these children in their own village and the project implemented by Sri Arunodayam Charitable Trust
- Purchase of Rescue Vehicle, School Van & Ambulance to help and support them with the tremendous care the trust provides to nearly 300 destitute women who are mentally challenged with no place to call home and for children with special needs and the project implemented by our partner REHOBOTH

Promoting Livelihood

- To Provide Food (Annadhaanam) to around 110 orphans who are disabled and elders at The United Educational & Social Welfare Trust, Coimbatore.
- Purchase of Double Decker Cots to Orphan Children and Intellectual Disabled which will benefit 100 children for ALL THE CHILDREN trust, Chennai.
- Refurbish / Reconstruction of the OldAgeHome of Akshaya Trust Valasaravakam, Chennai where around 50 Elders have lost their bedding, appliances, supplies etc due to Michaung Cyclone.
- Skill Development Centre for persons with disabilities of Sri Arunodayam Charitable Trust in remote villages at PALLIPET TALUK which addresses all the development like mental, Psychological, physical, emotional and social and thereby indeed becoming productive members of the society at their own pace.
- Construction of Residential Home for orphan children with intellectual disability & Autism of Tamilnadu Hope Public Charitable Trust. Here students will be given residential care and skill training for their independent living.
- "Stand Without Legs" project by Tamilnadu Differently Abled Federation Charitable Trust Bunk Shell shop (Small Petty shop) to physically disabled to create livelihood for their families to lead a respectful life in the society and also, they will be the role model for other differently abled community.
- Funded for the Purchase of 1 vessel washer Machine (400 VPH) & steam generator (50 kg) to wash the utensils used to serve food for around 58000 students in Pondicherry by Akshaya Patra Foundation.

Ongoing Projects

- Ongoing project – Construction of Classrooms in Valluvar Gurukulam in Tamil Nadu for the past 2 years
- Ongoing project – Sponsorship to 100 college students in Team Everest in Tamil Nadu for the past 2 years

Environment

A key component of sustainable development is the environmental wellbeing. While environmental issues were traditionally thought to be less important than economic considerations, recent challenges such as climate change and water scarcity have been global in nature, not sparing any industry sectors, including financial services.

We maintain compliance with all applicable environmental regulations and aim to ensure that the environmental risks are identified and managed judiciously through all stages of operations.

Energy and Emission Management

Our direct energy consumption includes the usage of fuel such as diesel in DG set in headquarter (Chennai) and central hub offices in Andhra Pradesh and Karnataka. Indirect energy consumption includes the electricity purchased from the grid.

Effective energy control and usage will not only help us to reduce our carbon footprint but also allow us to reduce costs, improve business sustainability and mitigate risks arising from the evolving climate situation.

S.No.	Source of Energy	Unit	FY 2023 - 24	FY 2022 - 23
1	Diesel (DG sets, Own Vehicles)	GJ	15.99	19.03
2	Electricity Purchased from Grid	GJ	11,515.19	9,646.75

S.No.	GHG Emissions (tCO2e)	FY 2023 - 24	FY 2022 - 23
1	Scope 1	1.08	1.2
2	Scope 2	2,578.94	2,170.52

Waste Management

We strive to increase operational eco-efficiency in our business by moving towards digital and paper-less transactions.

All e-wastes from our operations are duly disposed through authorized recyclers in-line with regulatory requirements. Our operations do not otherwise carry any other significant risks or opportunities in the space of waste management.

Water Management

Our water consumption is minimal and limited to personnel use only (i.e., for use in toilets, pantries etc). We ensure there is no water wastage at our corporate head office and have installed water efficient fixtures. We are in the process of installing systems to track and report on water usage.

Statement of disclosure under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

<table>
<tr><th>S.No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>1</td><td>The ratio of the remuneration and percentage increase in remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year</td><td>
<table>
<tr><th>Name of the Director and Designation</th><th>% increase of remuneration in FY 2024 as compared to FY 2023</th><th>Ratio of remuneration to Median Remuneration of Employees</th></tr>
<tr><td>Executive Director</td><td></td><td></td></tr>
<tr><td>Lakshmipathy Deenadayalan, CMD</td><td>8.97*</td><td>217:1</td></tr>
<tr><td>Non-Executive Director</td><td></td><td></td></tr>
<tr><td>Anand Raghavan, Independent Director</td><td>25</td><td>2.78:1</td></tr>
<tr><td>Srinivasaraghavan T T, Independent Director</td><td>25</td><td>2.78:1</td></tr>
<tr><td>Bhama Krishnamurthy, Independent Director</td><td>25</td><td>2.78:1</td></tr>
<tr><td>Ramkumar Ramamoorthy. Independent Director</td><td>25</td><td>2.78:1</td></tr>
<tr><td>Vasan Thirulokchand, Non-executive Director</td><td>25</td><td>2.78:1</td></tr>
</table>
</td></tr>
<tr><td>2</td><td>The percentage increase in remuneration Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year</td><td>
<table>
<tr><th>Name of the Director and Designation</th><th>% increase of remuneration in FY 2024 as Compared to FY 2023</th></tr>
<tr><td>Rangarajan Krishnan, Chief Executive Officer#</td><td>8.77%</td></tr>
<tr><td>Srikanth Gopalakrishnan, Chief Financial Officer#</td><td>7.82%</td></tr>
<tr><td>Shalini Baskaran, Company Secretary#</td><td>20.31%</td></tr>
</table>
</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year</td><td>7.89%</td></tr>
<tr><td>4</td><td>The number of permanent employees on the rolls of the Company</td><td>9,322</td></tr>
<tr><td>5</td><td>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</td><td>The average percentile increase in salaries of employees other than the managerial personnel for the financial year 2023-24 was 15.74% and increase in managerial remuneration was 8.97%*.</td></tr>
<tr><td>6</td><td>Affirmation that the remuneration is as per the remuneration policy of the company</td><td>The Company affirms that remuneration is as per the Director's Appointment, Remuneration & Evaluation policy adopted by the Company for Directors, Key Managerial Personnel and other Employees.</td></tr>
</table>

* The % increase in FY2024 as compared to FY2023 is low on account of the one-time bonus given to employees in FY2023 on successful completion of IPO

Increase in remuneration excluding stock options

Financial Statements

Independent Auditor's Report

To the Members of Five-Star Business Finance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Five-Star Business Finance Limited (the "Company"), which comprise the Balance Sheet as at March 31 2024, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">(a) Impairment of Loans based on expected credit loss model (Refer Note 6 of the financial statements)</td></tr>
<tr><td>Loans to customers represent a significant portion of the total assets of the Company. The Company has loans aggregating INR 984,365.20 lakhs as at March 31, 2024.

As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Company is required to estimate the probability of loss / expected loss based on past experience and future considerations, grouping of the loan portfolios under homogeneous pools in order to determine the probability of defaults on a collective basis. This involves a significant degree of estimation and judgement, including determination of staging of financial assets; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward-looking factors, micro and macro-economic factors, in estimating the expected credit losses.
Additionally, regulatory changes on asset classification due to changes pursuant to RBI Circular dated November 12, 2021 read with RBI Circular February 15, 2022, have been collectively considered by the management in the classification / staging of financial assets including additional provision as part of its Expected Credit Loss provision on loans.</td><td>Our audit procedures included the following:
• Read and assessed the Company's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines.
• Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the design and operating effectiveness of controls around data extraction, validation and computation.
• Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.
• Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors.
• Tested assumptions used by the management in determining the overlay for macro-economic and other factors.
• Tested the arithmetical accuracy of computation of ECL</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
The Company has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in relevant macro-economic factors. Such overlays are based on various uncertain variables which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.	provision performed by the Company in spreadsheets. • Assessed disclosures included in the financial statements in respect of expected credit losses.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman's Message, Director's Report including annexures, Management and Discussion Analysis, Business Responsibility and Sustainability Report, Corporate Governance Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we

are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6, Note 14 and Note 19 to the financial statements;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv) a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 49 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 49 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v) No dividend has been declared or paid during the year by the Company;

vi) Based on our examination which included test checks and as explained in note 50 to the financial statements, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software; and during the course of our audit, we have not noted any instances of the audit trail feature being tampered at the application level. However, in the absence of Service Organization Controls (SOC) report covering the audit trail feature at a database level, we are unable to comment on whether audit trail feature of the said software was enabled and operated throughout the year or whether there were any instances of the audit trail feature being tampered with at a database level. Further, customer loan maintenance software, does not have an audit trail feature, and accordingly, we are unable to comment whether audit trail feature was tampered with, in this regard.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number - 101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 24210934BKFUMJ8486

Place of Signature: Chennai
Date: April 30, 2024

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date Re: Five-Star Business Finance Limited (the "Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(i)(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.

(i) (b) All Property, Plant and Equipment were physically verified by the management in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 10 to the financial statements included in property, plant and equipment are held in the name of the Company.

(i)(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.

(i)(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)(a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(ii)(b) As disclosed in note 17 to the financial statements, the Company has been sanctioned working capital limits in excess of rupees five Crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the unaudited books of accounts of the Company. The Company do not have sanctioned working capital limits in excess of rupees five Crores in aggregate from financial institutions during the year on the basis of security of current assets of the Company.

(iii) (a) The company's principle business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(a) is not applicable.

(iii)(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(iii)(c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans to customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amounts, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except in respect of 56,861 loans with aggregate exposure of principal and interest of Rs. 118,825 lakhs where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed staging in note 49 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(iii)(d) In respect of loans and advances in the nature of loans, the total amount outstanding of loans classified as credit impaired ("Stage 3") is Rs. 13,284 lakhs in respect of 6,400 loans as at March 31, 2024, as disclosed in note 49 to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

(iii)(e) The company's principle business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(e) is not applicable.

(iii)(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of giving loans.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few instances in case of provident fund. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The following dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute:

Name of the statute	Nature of the dues	Amount (In ₹ lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-tax	33.68	AY 2018-19	Commissioner of Income-tax (Appeals)

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority

(ix)(c) Monies raised during the year by the Company by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds

(ix)(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix)(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(ix)(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x)(a) During the year, the Company made an initial public offer of equity shares to the public through an offer for sale by existing shareholders which has not resulted in cash inflows into the Company. Accordingly, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(xi)(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934)

(xvi)(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvi)(d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current or immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 50 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 31.2 to the financial statements.

(xx)(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 31.2 to the financial statements.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number - 101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 24210934BKFUMJ8486

Place of Signature: Chennai
Date: April 30, 2024

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FIVE-STAR BUSINESS FINANCE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Five-Star Business Finance Limited (the "Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number - 101049W/E300004

per Bharath N S
Partner
Membership Number: 210934
UDIN: 24210934BKFUMJ8486

Place of Signature: Chennai
Date: April 30, 2024

Balance Sheet as at March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Assets			
Financial Assets			
Cash and cash equivalents	4	153,439.93	134,035.80
Bank balances other than cash and cash equivalents	5	13,727.54	24,050.41
Loans	6	968,507.25	682,219.59
Investments	7	10,768.73	14,461.42
Derivative financial instruments	14	434.46	346.09
Other financial assets	8	5,680.88	3,193.36
Total Financial Assets		**1,152,558.79**	**858,306.67**
Non-financial Assets			
Current tax asset (Net)	9	251.82	193.57
Deferred tax asset (Net)	33	7,273.29	5,332.60
Investment property	10	3.56	3.56
Property, plant and equipment	12	2,053.86	1,543.01
Right of use asset	37	3,407.75	2,846.18
Other intangible assets	13	968.54	97.71
Other non-financial assets	11	2,360.31	1,959.49
Total Non Financial Assets		**16,319.13**	**11,976.12**
Total Assets		**1,168,877.92**	**870,282.79**
Liabilities and Equity			
Financial Liabilities			
Derivative financial instruments	14	60.87	-
Payables			
Trade payables	15		
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		2,537.43	2,009.01
Debt securities	16	29,535.38	52,483.00
Borrowings (other than debt securities)	17	602,049.13	372,244.91
Other financial liabilities	18	9,970.89	6,070.01
Total Financial Liabilities		**644,153.70**	**432,806.93**
Non-financial Liabilities			
Current tax liabilities (Net)	9A	1,748.86	539.85
Provisions	19	2,091.79	1,158.17
Other non-financial liabilities	20	1,268.10	1,824.37
Total Non- Financial Liabilities		**5,108.75**	**3,522.39**
Total Liabilities		**649,262.45**	**436,329.32**

Balance Sheet as at March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Equity			
Equity share capital	21	2,924.49	2,913.66
Other equity	22	516,690.98	431,039.81
Total Equity		**519,615.47**	**433,953.47**
Total Liabilities and Equity		**1,168,877.92**	**870,282.79**

The accompanying notes are integral part of the financial statements 2 and 3

As per our report of even date
for **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**
Membership No:
210934

Place: Chennai
Date: April 30, 2024

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 30, 2024

Statement of Profit and Loss for the Year ended March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations			
Interest income	23	2,11,658.46	149,878.37
Fee income	24	2,191.84	1,375.89
Net gain on fair value changes	25	4,434.43	830.59
Total revenue from operations(I)		**218,284.73**	**152,084.85**
Other income (II)	26	1,225.35	807.90
Total Income (III) = (I) + (II)		**219,510.08**	**152,892.75**
Expenses			
Finance Costs	27	46,849.57	26,625.10
Impairment on financial instruments	28	5,536.42	2,014.70
Employee benefits expense	29	42,858.94	34,642.66
Depreciation and amortization expense	30	2,457.12	1,731.24
Other expenses	31	10,214.45	7,405.56
Total Expenses (IV)		**107,916.50**	**72,419.26**
Profit before tax (V) = (III) - (IV)		**111,593.58**	**80,473.49**
Tax expense (VI)			
Current Tax	32	29,883.16	20,715.40
Deferred tax (net)	32	(1,881.21)	(591.52)
Total tax expenses (VI)		**28,001.95**	**20,123.88**
Profit for the year (A) = (V) - (VI)		**83,591.63**	**60,349.61**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements gain/loss of the defined benefit plan	40	(71.13)	(144.06)
Income tax relating to items that will not be reclassified to profit or loss	32.1	17.90	36.26
Net other comprehensive deficit not to be reclassified subsequently to profit or loss		**(53.23)**	**(107.80)**
Items that will be reclassified subsequently to profit or loss			
Net movement on effective portion of cashflow hedge	47	(165.20)	(151.28)
Income tax relating to items that will be reclassified to profit or loss	32.1	41.58	38.07
Net other comprehensive deficit to be reclassified subsequently to profit or loss		**(123.62)**	**(113.21)**
Other comprehensive deficit net of income tax for the year (B)		**(176.85)**	**(221.01)**

Statement of Profit and Loss for the Year ended March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Total comprehensive income net of tax for the year (A) + (B)		**83,414.78**	**60,128.60**
Earnings per equity share (face value INR 1/- each)			
- Basic (in rupees)		28.64	20.71
- Diluted (in rupees)	38	28.39	20.49
The accompanying notes are integral part of the financial statements	2 and 3		

As per our report of even date
for **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**
Membership No:
210934

Place: Chennai
Date: April 30, 2024

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 30, 2024

Statement of Cash Flow for the Year ended March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cashflow from Operating Activities		
Profit Before Tax	**111,593.58**	**80,473.49**
Adjustments for:		
Interest income on loans	(206,861.17)	(146,303.00)
Interest income on deposit with banks/ others	(4,797.29)	(3,575.37)
Finance costs	46,849.57	26,625.10
Impairment on financial instruments	5,536.42	2,014.70
Depreciation and amortisation expense	2,457.12	1,731.24
Loss on sale/ retirement of property, plant and equipment (net)	2.15	2.83
Net gain on fair value changes on mutual fund investments	(4,434.43)	(830.59)
Gain recognised on derecognition of leases	(5.58)	(39.16)
Employee stock option expenses	1,554.33	2,764.19
Operating cashflow before working capital changes	**(48,105.30)**	**(37,136.57)**
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets		
Loans	(285,617.12)	(177,196.71)
Other financial assets	(2,521.57)	(1,452.18)
Other non-financial assets	(856.18)	(656.69)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	528.42	708.70
Provision	862.49	114.08
Other financial liabilities	3,287.00	1,150.45
Other non financial liabilities	(556.27)	822.13
Net cash used in operations	**(332,978.53)**	**(213,646.79)**
Finance cost paid	(51,177.38)	(27,991.40)
Interest income received	200,654.21	149,506.49
Direct taxes paid (net)	(28,732.39)	(20,149.07)
Net Cash Used in Operating Activities (A)	**(212,234.09)**	**(112,280.77)**
Cashflow from Investing Activities		
Purchase of property plant and equipment	(2,239.11)	(1,213.40)
Proceeds from sale of property plant and equipment	7.65	1.78
Redemption of mutual funds (net)	4,434.43	830.59
Redemption of investments (net)	3,810.00	10,100.99
Interest income on deposit from banks/ others	4,770.21	3,314.01
Deposits placed with banks (net)	10,232.64	3,144.40
Net Cashflow from Investing Activities (B)	**21,015.82**	**16,178.37**

Statement of Cash Flow for the Year ended March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cashflow from Financing Activities		
Proceeds from issue of equity shares	10.83	0.23
Proceeds from securities premium	682.06	25.35
Proceeds from borrowings during the year	392,911.82	310,356.20
Repayments of borrowings during the year	(181,920.11)	(140,781.36)
Payment towards leases (excluding interest)	(1,062.20)	(778.50)
Net Cashflow from Financing Activities (C)	**210,622.40**	**168,821.92**
Net increase in Cash and Cash Equivalents (A) + (B) + (C)	**19,404.13**	**72,719.52**
Cash and Cash Equivalents at the beginning of the Year	**134,035.80**	**61,316.28**
Cash and Cash Equivalents at the end of the year	**153,439.93**	**134,035.80**
Components of Cash and Cash Equivalents		
Notes		
1. Cash and cash equivalents		
Cash on hand	993.93	585.33
Balances with banks		
(i) In current accounts	15,158.76	13,875.11
(ii) In other deposit accounts (original maturity less than 3 months)	137,287.24	119.575.36
Total	**153,439.93**	**134,035.80**

As per our report of even date
for **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**
Membership No:
210934

Place: Chennai
Date: April 30, 2024

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 30, 2024

Statement of Changes in Equity for the Year ended March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	Number of Shares	For the year ended March 31, 2024	Number of Shares	For the year ended March 31, 2023
A. Equity share capital				
Opening balance of equity shares of INR 1 each	**291,366,120**	**2,913.66**	**291,343,120**	**2,913.43**
Changes in equity share capital during the year				
Add: Issue, subscribed and fully paid during the year				
1. Issue of equity shares under employee stock option	1,083,100	10.83	23,000	0.23
Closing balance	**292,449,220**	**2,924.49**	**291,366,120**	**2,913.66**

Particulars	Reserves and Surplus						Total
	Statutory Reserve	Securities Premium	Share option Outstanding Account	General Reserve	Retained Earnings	Effective portion of Cashflow Hedges	
B. Other Equity							
Balance as at April 01, 2023	**39,182.52**	**231,436.81**	**6,120.40**	**719.60**	**153,788.67**	**(208.19)**	**431,039.81**
Other comprehensive income/ (deficit) for the year	-	-	-	-	-	(123.62)	(123.62)
Premium received on shares issued during the year	-	682.06	-	-	-	-	682.06
Profit for the year	-	-	-	-	83,591.63	-	83,591.63
Transfer to statutory reserve	16,718.33	-	-	-	(16,718.33)	-	-
Remeasurement of defined benefit plan	-	-	-	-	(53.23)	-	(53.23)
Share based payment expense for the year	-	-	1,554.33	-	-	-	1,554.33
Transfer to securities premium on exercise of ESOP	-	2,040.03	(2,040.03)	-	-	-	-
Balance as at March 31, 2024	**55,900.85**	**234,158.90**	**5,634.70**	**719.60**	**220,608.74**	**(331.81)**	**516,690.98**
Balance as at April 01, 2022	**27,112.60**	**231,361.87**	**3,405.80**	**719.60**	**105,616.78**	**(94.98)**	**368,121.67**
Other comprehensive income/ (deficit) for the year	-	-	-	-	-	(113.21)	(113.21)
Premium received on shares issued during the year	-	25.35	-	-	-	-	25.35
Profit for the year	-	-	-	-	60,349.61	-	60,349.61
Transfer to statutory reserve	12,069.92	-	-	-	(12,069.92)	-	-
Remeasurement of defined benefit plan	-	-	-	-	(107.80)	-	(107.80)
Share based payment expense for the year	-	-	2,764.19	-	-	-	2,764.19
Transfer to securities premium on exercise of ESOP	-	49.59	(49.59)	-	-	-	-
Balance as at March 31, 2023	**39,182.52**	**231,436.81**	**6,120.40**	**719.60**	**153,788.67**	**(208.19)**	**431,039.81**

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/
E300004

per **Bharath N S**
Membership No:
210934

Place: Chennai
Date: April 30, 2024

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

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K Rangarajan
Chief Executive Officer

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Chief Financial Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 30, 2024

Notes forming part of the financial statements for the Year ended March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

1. Corporate Information

Five-Star Business Finance Limited ("the Company") (CIN:L65991TN1984PLC010844), is a public limited company domiciled in India, and incorporated under the provisions of Companies Act applicable in India. The registered office of the company is located at New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai 600010. The Company's shares are listed in stock exchanges in India.

The Company is a systemically important non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated June 9, 2016 in lieu of Certificate of Registration dated December 3, 2002 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes.

2. Statement of Compliance and Basis of preparation

2.1. Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements were authorised for issue by the Company's Board of Directors on April 30, 2024.

Details of the Company's accounting policies are disclosed in note 3.

2.2. Presentation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, theMaster Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued vide notification no. RBI/DoR/2023-24/106 DoR. FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are presented in the format prescribed under Division III of Schedule III as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:-

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and / or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs (upto two decimals), unless otherwise indicated.

2.4. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, fair value through Profit and Loss (FVTPL) instruments, derivative financial instruments and certain other financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)

2.5. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii) Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and delayed interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulae and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

vi) Share-based payments

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Monte-Carlo simulation model for Employee Share Option Plan .The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 41.

vii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 40.

viii) Leases

The estimates and judgements related to leases include:

a) The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.

b) The determination of the incremental borrowing rate used to measure lease liabilities.

ix) Other assumptions and estimation uncertainties

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

i). Estimated useful life of property, plant and equipment and intangible assets;

ii). Recognition of deferred taxes.

iii). Upfront recognition of Excess Interest Spread (EIS) in relation to securitisation transactions

3. Summary of Material Accounting Policies

3.1 Revenue Recognition from contracts with customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price. The Company applies the five-step approach for the recognition of revenue :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the group satisfies a performance obligation.

A. Effective Interest Rate ('EIR') Method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company continues to calculate interest income on the net amortized cost of the financial asset.

B. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fee income

Fees income such as legal inspection charges, cheque bounce charges are recognised on an accrual basis in accordance with term of contract with the customer. Cheque Bounce charges are recognised as income upon certainty of receipt.

E. Others

Penal charges and other operating income are recognized as income upon certainty of receipt.

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

3.2. Financial instrument - initial recognition

A. Date of recognition

Debt securities issued and borrowings (other than debt securities) are initially recognised when the funds reach the Company. Loans are recognised when funds are transferred to the customers account. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss (FVTPL), transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i). Amortised cost
ii). FVOCI
iii). FVTPL

D. Net gain on fair value changes:

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis in profit or loss

3.3. Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.
Accordingly, financial assets are measured as follows based on the existing business model:

(i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost.

(ii) Financial assets at fair value through OCI (FVOCI)

Financial assets are measured at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset meets the SPPI test.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified as measured at amortised cost/ FVOCI are measured at FVTPL.

B. Financial liabilities

i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

iii) Debt Securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices market indicators over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

iv) Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3.4. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2024 and March 31, 2023.

3.5.Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be Purchased or originated credit impaired (POCI)

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial assets other than due to substantial modification

i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

ii) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6. Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i). The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii). Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD):

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD):

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD):

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime ECLs rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward looking information.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan Commitments

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.7. Collateral repossessed

The Company generally does not use the assets repossessed for internal operations. The underlying loans in respect of which collaterals have been repossessed with an intention to realize by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. Any surplus funds are returned to the borrower and accordingly collateral repossessed are not recorded on the balance sheet and not treated as assets held for sale.

3.8. Write-offs

Financial assets are written off when there is a significant doubt on recoverability in the medium term. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit and loss.

3.9. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3;

Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company evaluates the levelling in the hierarchy at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3.10. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.11. Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

On transition to Ind AS (i.e. 1 April 2017), the Company has elected to continue with the carrying value of Investment property measured as per the previous GAAP and use that carrying value as the deemed cost of Investment property.

3.12.1. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment are as follows:

Asset Category	Estimated Useful Life
Vehicles	8 years
Furniture and fittings	10 years
Office equipment	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.13. Intangible assets

i. Recognition & Measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

On transition to Ind AS (i.e. 1 April 2017), the Company has elected to continue with the carrying value of all Intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of Intangible assets.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate on prospective basis.

Asset Category	Estimated Useful Life
Computer softwares	5 years

3.14. Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken in to account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.15. Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees. The Company has no obligation, other than the contribution payable to the provident fund.

Employees' State Insurance: The Company contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Defined benefit plans

Gratuity

"A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'),if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.16. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised not disclosed in the financial statements.

3.17. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement , together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

3.18. Taxes

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

<u>Indirect taxes</u>

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

  The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.20. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.21. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

3.22. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.23. Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3.23.1. Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

3.23.2. Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

3.24. New and Amended Standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12,there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

Notes forming part of the financial statements for the Year ended March 31, 2024

(All amounts are in Indian Rupees in lakhs, unless otherwise astated)

Particulars	As at March 31, 2024	As at March 31, 2023
4. Cash and cash equivalents		
Cash on hand	993.93	585.33
Balances with banks		
(i) In current accounts	15,158.76	13,875.11
(ii) In other deposit accounts (original maturity less than 3 months)	137,287.24	119,575.36
Total	**153,439.93**	**134,035.80**

Short-term deposits are made for varying periods of upto three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rate.

Particulars	As at March 31, 2024	As at March 31, 2023
5. Bank Balances other than cash and cash equivalents		
Term deposit with bank	5,197.43	15,326.45
Term deposits :		
Held as credit enhancements for securitisation	8,530.11	8,273.96
Held as cash collateral against specific non-convertible debentures	-	450.00
Total	**13,727.54**	**24,050.41**

Term deposits and other balances with banks earns interest at fixed rate based on the daily bank deposit rates

Particulars	As at March 31, 2024	As at March 31, 2023
6. Loans (At amotised cost)		
A. Based on nature		
Term Loans		
Gross term loans	964,059.06	691,483.21
Inter-Corporate Deposits*	20,306.14	1,842.24
Gross loans	**984,365.20**	**693,325.45**
Less: Impairment loss allowance	15,857.95	11,105.86
Net loans	**968,507.25**	**682,219.59**
B. Based on security		
Secured by tangible assets	964,059.06	691,483.21
Unsecured	20,306.14	1,842.24
Gross loans	**984,365.20**	**693,325.45**
Less: Impairment loss allowance	15,857.95	11,105.86
Net loans	**968,507.25**	**682,219.59**
C. Based on region		
Loans in India		
Public sector	-	-
Other than public sector	984,365.20	693,325.45
Gross loans	**984,365.20**	**693,325.45**
Less: Impairment loss allowance	15,857.95	11,105.86
Net Loans in India	**968,507.25**	**682,219.59**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Net Loans outside India	-	-
Net Loans	**968,507.25**	**682,219.59**

Secured exposures are secured by registered mortgage of immovable property

The Company has not granted any loans or advances to promoters,directors, KMPs and the related parties (as defined under the Companies Act 2013)

*Inter Corporate Deposits as on March 31, 2024 include INR 265.37 lakhs (March 31, 2023 - INR 265.37 lakhs) provided as credit enhancement for securitisation transaction.

6.1. Analysis of changes in the gross carrying amount and the corresponding (ECL) allowances:

6.1.1. Reconciliation of gross carrying amount is given below:

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Term Loans								
Gross carrying amount opening balance	**618,839.65**	**63,249.70**	**9,393.86**	**691,483.21**	**421,696.36**	**79,706.41**	**5,305.00**	**506,707.77**
Exposure de-recognised / matured / repaid (Excluding Write off)	(158,836.89)	(17,193.64)	(1,734.37)	(177,764.90)	(1,09,412.35)	(17,683.75)	(1,194.93)	(128,291.03)
Transfer to Stage 1	4,653.53	(4,500.08)	(153.45)	-	14,428.62	(14,241.55)	(187.07)	-
Transfer to Stage 2	(22,146.73)	22,239.73	(93.00)	-	(19,193.88)	19,417.12	(223.24)	-
Transfer to Stage 3	(1,591.87)	(4,047.27)	5,639.14	-	(786.95)	(5,336.64)	6,123.59	-
Amount written off	(143.79)	(47.76)	(592.78)	(784.33)	-	-	(1,199.22)	(1,199.22)
New Assets Originated/ Incremental Accretions	447,247.18	3,053.31	824.59	451,125.08	312,107.85	1,388.12	769.72	314,265.69
Gross carrying amount closing balance	**888,021.08**	**62,753.99**	**13,283.99**	**964,059.06**	**618,839.65**	**63,249.71**	**9,393.86**	**691,483.21**
Inter-Corporate Deposits								
Gross carrying amount opening balance	**1,842.24**	-	-	**1,842.24**	**13,821.88**	-	-	**13,821.88**
Exposure de-recognised / matured / repaid (Excluding Write off)	(1,551.90)	-	-	(1,551.90)	(14,377.15)	-	-	(14,377.15)
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Amount written off	-	-	-	-	-	-	-	-
New assets originated/ Incremental Accretions	20,015.80	-	-	20,015.80	2,397.51	-	-	2,397.51
Gross carrying amount closing balance	**20,306.14**	-	-	**20,306.14**	**1,842.24**	-	-	**1,842.24**

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
6.1.2. Reconciliation of ECL balance is given below:								
Gross Term Loan								
Impairment loss allowance opening balance	**2,030.55**	**4,434.06**	**4,634.20**	**11,098.81**	**1,448.46**	**6,989.17**	**1,850.95**	**10,288.58**
New assets originated/ Incremental Accretions	3,181.70	2,428.78	2,617.13	8,227.61	2,428.41	1,058.46	2,173.60	5,660.47
Transfer to Stage 1	377.71	(354.09)	(23.62)	-	236.69	(234.60)	(2.09)	-
Transfer to Stage 2	(933.80)	954.02	(20.22)	-	(1,195.24)	1,207.38	(12.14)	-
Transfer to Stage 3	(378.98)	(1,223.71)	1,602.69	-	(221.98)	(1,423.00)	1,644.98	-
Reversal/Utilization/Write off	(781.44)	(1,166.70)	(1,601.55)	(3,549.69)	(665.79)	(3,163.36)	(1,021.10)	(4,850.25)
Impairment loss allowance closing balance	**3,495.74**	**5,072.36**	**7,208.63**	**15,776.73**	**2,030.55**	**4,434.06**	**4,634.20**	**11,098.80**
Inter Corporate Deposits								
Impairment loss allowance opening balance	**7.06**	-	-	**7.06**	-	-	-	-
New assets originated/ Incremental Accretions	80.15	-	-	80.15	7.06	-	-	7.06
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Reversal/Utilization/ Write off	(5.97)	-	-	(5.97)	-	-	-	-
Impairment Loss Allowance- closing balance	**81.23**	-	-	**81.23**	**7.06**	-	-	**7.06**

Particulars	As at March 31, 2024	As at March 31, 2023
7. Investments		
Investments in Government Securities (At amortized Cost)*		
Investment in Government of India Fixed Rate Bonds	4,615.30	7,329.64
Investment in Government of India STRIPS	6,153.43	7,131.78
Total	**10,768.73**	**14,461.42**

*Investments are made in India

7.1. Internal Rating Grade (Investments measured at amortised cost)

The table below shows the credit quality and the maximum exposure to credit risk based on the entity's internal credit rating system and year end stage classification

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade								
Low Risk	10,768.73	-	-	10,768.73	14,461.42	-	-	14,461.42
Medium Risk	-	-	-	-	-	-	-	-
High Risk	-	-	-	-	-	-	-	-
Total	**10,768.73**	-	-	**10,768.73**	**14,461.42**	-	-	**14,461.42**

7.2. Movement in investments (Investments measured at Amortised cost)

Opening Balance	**14,461.42**	-	-	**14,461.42**	**24,818.38**	-	-	**24,818.38**
New assets purchased	-	-	-	-	-	-	-	-
Assets redeemed	(3,692.69)	-	-	(3,692.69)	(10,356.96)	-	-	(10,356.96)
Closing Balance	**10,768.73**	-	-	**10,768.73**	**14,461.42**	-	-	**14,461.42**

8. Other financial assets		
Unsecured, considered good (At Amortized Cost)		
Security deposits	729.16	552.89
Other receivables*	4,951.72	2,640.47
Less: Impairment allowances	-	-
Total	**5,680.88**	**3,193.36**

*Other receivables as on March 31, 2024 include - INR 4,209.32 lakhs (March 31, 2023- INR 1,976.79) provided as credit enhancement for securitisation transaction.

9. Current tax assets (net)		
Advance income tax, net of provision for tax	251.82	193.57
Total	**251.82**	**193.57**
9A. Current tax liability (Net)		
Provision for tax, net of advance income tax paid	1,748.86	539.85
Total	**1,748.86**	**539.85**
10. Investment Property		
Land		
Cost or deemed cost (Gross carrying amount)		
Balance at the beginning of the year	3.56	3.56
Acquisitions	-	-
Transfer from property, plant and equipment	-	-
Balance at the end of the year	**3.56**	**3.56**

Particulars	As at March 31, 2024	As at March 31, 2023
Accumulated depreciation		
Balance at the beginning of the year	-	-
Depreciation for the year	-	-
Balance at the end of the year	**-**	**-**
Net carrying amounts	**3.56**	**3.56**
Fair value	**8.23**	**7.24**

The Fair value of the investment property is based on the valuation by the registered valuer as per the Rule 2 of the Companies (Registered Valuer and Valuations Rules), 2017. There were no immovable property where the title deeds of the property are not held in the name of the Company.

Price per square feet is the signifiant unobservable input iused for the fair valuation of the immovable property. The fair value changes by INR 0.83 Lakhs as at March 31, 2024, at a sensitivity of 10%.(March 31, 2023- INR 0.70 lakhs)

11. Other non-financial assets		
Capital advances	87.47	542.83
Prepaid expenses	1,951.68	1,237.74
Balance with government authorities	321.16	178.92
Total	**2,360.31**	**1,959.49**

12. Property, plant and equipment

Particulars	Furniture & fittings	Computers & Accessories	Office Equipment	Vehicles	Leasehold Improvements	Total
Cost or deemed cost (gross carrying amount)						
As at April 01, 2022	**907.93**	**1,447.08**	**473.22**	**39.26**	**414.45**	**3,281.94**
Additions	376.86	515.80	227.28	-	43.80	1,163.74
Disposals	22.72	0.93	0.63	0.21	-	24.49
As at March 31, 2023	**1,262.07**	**1,961.95**	**699.87**	**39.05**	**458.25**	**4,421.19**
Additions	455.24	744.74	332.12	-	0.50	1,532.60
Disposals	38.26	27.60	78.36	15.78	-	159.99
As at March 31, 2024	**1,679.05**	**2,679.09**	**953.63**	**23.27**	**458.75**	**5,793.80**
Accumulated depreciation						
As at April 01, 2022	**436.94**	**975.78**	**261.26**	**32.84**	**360.67**	**2,067.49**
Depreciation for the year	170.57	453.28	166.11	1.69	38.92	830.57
Depreciation on disposals	18.66	0.88	0.34	-	-	19.88
As at March 31, 2023	**588.85**	**1,428.18**	**427.03**	**34.53**	**399.59**	**2,878.18**
Depreciation for the year	237.88	542.52	203.74	0.81	27.00	1,011.95
Depreciation on disposals	36.15	27.04	72.01	14.99	-	150.19
As at March 31, 2023	**790.58**	**1,943.66**	**558.76**	**20.35**	**426.59**	**3,739.94**
Carrying amount (net)						
As at March 31, 2023	**673.22**	**533.77**	**272.84**	**4.52**	**58.66**	**1,543.01**
As at March 31, 2024	**888.47**	**735.43**	**394.87**	**2.92**	**32.16**	**2,053.86**

Particulars	Software	Total
13. Other Intangible assets		
Cost or deemed cost (gross carrying amount)		
As at April 01, 2022	**421.33**	**421.33**
Additions	49.66	49.66
Disposals	-	-
As at March 31, 2023	**470.99**	**470.99**
Additions	1,161.87	1,161.87
Disposals	-	-
As at March 31, 2024	**1,632.86**	**1,632.86**
Accumulated amortisation		
As at April 01, 2022	**332.59**	**332.59**
Amortisation for the year	40.69	40.69
Amortisation on disposals	-	-
As at March 31, 2023	**373.28**	**373.28**
Amortisation for the year	291.04	291.04
Amortisation on disposals	-	-
As at March 31, 2024	**664.32**	**664.32**
Carrying amount (net)		
As at March 31, 2023	**97.71**	**97.71**
As at March 31, 2024	**968.54**	**968.54**

14. Derivative Financial Instruments (FVTOCI)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Notional Amount	Fair Value of Assets	Fair Value of Liabilities	Notional Amount	Fair Value of Assets	Fair Value of Liabilities
Part I						
Other Derivatives-Cross Currency Swap	11,841.00	434.46	60.87	7,591.00	346.09	-
Total	**11,841.00**	**434.46**	**60.87**	**7,591.00**	**346.09**	**-**
Part II						
Included in above (Part-I) are derivatives held for hedging and risk management purposes as follows:						
Cash Flow Hedging-Cross Currency Swap	11,841.00	434.46	60.87	7,591.00	346.09	-
Total	**11,841.00**	**434.46**	**60.87**	**7,591.00**	**346.09**	**-**

The Notional amounts in the above table refers to the foreign currency borrowing on which the company has hedged the risk of foreign currency fluctuations.

The Company has entered into a Derivative Financial Instrument, with a scheduled bank. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

The Asset Liability Management Committee and Business Resource Committee periodically monitors and reviews the risks involved.

Particulars	As at March 31, 2024	As at March 31, 2023
15. Payables		
15.1. Trade payables		
Total outstanding dues of micro and small enterprises (MSME) (Refer note 36)	-	-
Total outstanding dues of creditors other than micro and small enterprises (Other than MSME)	2,537.43	2,009.01
Total	**2,537.43**	**2,009.01**
To related parties	-	-
Others	2,537.43	2,009.01
Total	**2,537.43**	**2,009.01**

Particulars	Unbilled	(Not Due)	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
15.2. Trade payables (Ageing Schedule)							
The following schedules reflect the ageing of trade payables with respect to the due date of payment							
As at March 31, 2024							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	1,874.07	-	663.36	-	-	-	2,537.43
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**1,874.07**	**-**	**663.36**	**-**	**-**	**-**	**2,537.43**
As at March 31, 2023							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	1,566.37	-	442.64	-	-	-	2,009.01
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**1,566.37**	**-**	**442.64**	**-**	**-**	**-**	**2,009.01**

Based on the information received from the suppliers, the management has identified the enterprises which has provided services to the Company and which qualify under the definition of micro, medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). Such determination and identification is for the purpose of presentation under this disclosure has been done on the basis of the information received and available with the Company, which has been solely relied upon by the auditors

Particulars	As at March 31, 2024	As at March 31, 2023
16. Debt securities (refer note 16.1)		
At amortised cost		
Secured debentures		
1,50,00,000, (March 31, 2023 - 1,50,00,000) 12.75% redeemable, non-convertible debentures of INR 5 each	750.26	1,125.39
Nil, (March 31, 2023 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	-	5,105.48
Nil, (March 31, 2023 - 150) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	-	1,531.64
Nil, (March 31, 2023 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	-	5,105.48
Nil, (March 31, 2023 - 1,500) redeemable, non-convertible debentures of INR 10 lakh each* 18,084.83		-
Nil, (March 31, 2023- 150) 10.50% redeemable, non-convertible debentures of INR 10 lakh each	-	1,632.90
Nil, (March 31, 2023 - 250) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	-	2,515.07
Nil, (March 31, 2023 - 2,000) redeemable, non-convertible debentures of INR 1 lakh each*	-	2,519.80
Nil, (March 31, 2023 - 700) 10.91% redeemable, non-convertible debentures of INR 10 lakh each	-	7,004.43
300,00,000 , (March 31, 2023 - 300,00,000) 11.40% redeemable, non-convertible debentures of INR 10 each	3,027.06	3,001.09
4,900, (March 31, 2023- 4,900) 9.20% redeemable, non-convertible debentures of INR 1 lakh each	4,945.57	4,944.46
10,000, (March 31, 2023-Nil) 9.10% redeemable, non-convertible debentures of INR 1 lakh each	10,268.64	-
10,500, (March 31, 2023-Nil) 9.50% redeemable, non-convertible debentures of INR 1 lakh each	10,802.67	-
Total	**29,794.20**	**52,570.57**
Less: Unamortised processing fee	(258.82)	(87.57)
Total	**29,535.38**	**52,483.00**
Debts securities in India	29,535.38	52,483.00
Debts securities outside India	-	-
Total	**29,535.38**	**52,483.00**

* Coupon rates are linked to performance of specified indices including market indicators over the period of the debentures.

Debt securities aggregating to INR 745.23 Lakhs (INR 1,115.51 Lakhs in March 31, 2023) has been guaranteed by promoter, Mr. D Lakshmipathy

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2024	As at March 31, 2023
16.1. Details of terms of redemption/repayment and security provided in respect of debt securities					
Secured debentures					
1,50,00,000, (March 31, 2023 - 1,50,00,000) 12.75% redeemable, of INR 5 each	Principal payment frequency: Repayable yearly in 4 installments Coupon payment frequency: Quarterly	72 Months	March 31, 2023	750.26	1,125.39
Nil, (March 31, 2023 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 Months	April 21, 2023	-	5,105.48
Nil, (March 31, 2023 - 150) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 Months	April 21, 2023	-	1,531.64
Nil, (March 31, 2023 - 500) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 Months	April 21, 2023	-	5,105.48
Nil, (March 31, 2023 - 1,500) redeemable, non-convertible debentures of INR 10 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	27 Months	April 30, 2023	-	18,084.83
Nil, (March 31, 2023- 150) 10.50% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	36 Months	May 26, 2023	-	1,632.90
Nil, (March 31, 2023 - 250) 11.00% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	36 Months	June 12, 2023	-	2,515.07
Nil, (March 31, 2023 - 2,000) redeemable, non-convertible debentures of INR 1 lakh each*	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest	30 Months	June 15, 2023	-	2,519.80
Nil, (March 31, 2023 - 700) 10.91% redeemable, non-convertible debentures of INR 10 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	36 Months	September 30, 2023	-	7,004.43
300,00,000 , (March 31, 2023 - 300,00,000) 11.40% redeemable, non-convertible debentures of INR 10 each #	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Monthly	60 Months	April 11, 2024	3,027.06	3,001.09
4,900, (March 31, 2023- 4,900) 9.20% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	38 Months	April 24, 2026	4,945.57	4,944.46

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2024	As at March 31, 2023
10,000, (March 31, 2023-Nil) 9.10% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	42 Months	December 15, 2026	10,268.64	-
10,500, (March 31, 2023-Nil) 9.50% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	36 Months	December 12, 2026	10,802.67	-
Total				**29,794.20**	**52,570.57**

All debentures are secured by an exclusive first charge on book debts with security cover ranging from 1 to 1.25 times of the outstanding amount at any point in time.

Secured by pari passu charge on immovable property.

* Coupon rates are linked to performance of specified indices including market indicators over the period of the debentures.

Particulars	As at March 31, 2024	As at March 31, 2023
17. Borrowings (other than debt securities) (refer note 17.1)		
At amortised cost		
Term loans (secured)		
From banks	4,09,798.08	240,224.82
From other financial institutions	76,952.85	25,110.17
Borrowings under Securitisation (secured)	109,507.16	100,169.18
Loans repayable on demand (secured)		
From banks	80.55	85.19
Term loans from others parties (unsecured)		
External Commercial Borrowings	8,340.50	8,217.00
Total	**604,679.14**	**373,806.36**
Less: Unamortised processing fee	(2,630.01)	(1,561.45)
Total	**602,049.13**	**372,244.91**
Borrowings in India	593,778.95	364,112.63
Borrowings outside India	8,270.18	8,132.28
Total	**602,049.13**	**372,244.91**

Loans repayable on demand includes the cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at March 31, 2024, the rate of interest across the cash credit and the working capital demand loans were in the range of 8.75 % p.a. to 10.20 % p.a. (8.75% p.a. to 10.20% p.a. on March 31, 2023). The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in the repayments, including interests during the year.

Borrowings other than debt securities aggregating to INR 48,040.35 Lakhs (INR 77,305.36 Lakhs in March 31, 2023) has been guaranteed by promoter, Mr. D Lakshmipathy

The Company has used the borrowings from the bank and financial institution for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Company with the banks or financial institutions in relation to the secured borrowings wherever applicable, are in agreement with the books of account.

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2024	As at March 31, 2023
17.1 Details of terms of redemption/repayment and security provided in respect of borrowings (other than debt securities)					
Term loans from banks					
Term Loan 1	Repayable in 60 Monthly installments	60 Months	December 5, 2018	-	134.12
Term Loan 2	Repayable in 48 Monthly installments	48 Months	July 29, 2019	-	93.75
Term Loan 3	Repayable in 34 Monthly installments	36 Months	August 16, 2020	-	205.93
Term Loan 4	Repayable in 34 Monthly installments	36 Months	September 30, 2020	-	353.04
Term Loan 5	Repayable in 36 Monthly installments	36 Months	December 10, 2020	-	555.56
Term Loan 6	Repayable in 34 Monthly installments	36 Months	December 31, 2020	-	336.72
Term Loan 7	Repayable in 36 Monthly installments	36 Months	January 31, 2021	-	250.00
Term Loan 8	Repayable in 34 Monthly installments	36 Months	March 23, 2021	-	661.94
Term Loan 9	Repayable in 33 Monthly installments	36 Months	May 31, 2021	-	746.06
Term Loan 10	Repayable in 60 Monthly installments	60 Months	March 3, 2019	-	701.94
Term Loan 11	Repayable in 20 Quarterly installments	60 Months	June 30, 2019	-	994.58
Term Loan 12	Repayable in 57 Monthly installments	60 Months	September 30, 2019	35.26	244.98
Term Loan 13	Repayable in 60 Monthly installments	60 Months	January 30, 2020	446.88	1,049.96
Term Loan 14	Repayable in 60 Monthly installments	62 Months	January 30, 2020	3,049.27	7,118.76
Term Loan 15	Repayable in 60 Monthly installments	60 Months	April 30, 2020	754.12	1,481.31
Term Loan 16	Repayable in 57 Monthly installments	60 Months	June 25, 2020	807.47	1,762.43
Term Loan 17	Repayable in 46 Monthly installments	48 Months	November 25, 2020	271.74	923.91
Term Loan 18	Repayable in 48 Monthly installments	48 Months	February 5, 2021	-	1,060.17
Term Loan 19	Repayable in 18 Quarterly installments	60 Months	February 28, 2021	1,107.46	1,995.00
Term Loan 20	Repayable in 60 Monthly installments	60 Months	March 3, 2021	774.13	1,177.79
Term Loan 21	Repayable in 36 Monthly installments	36 Months	April 30, 2021	-	166.67
Term Loan 22	Repayable in 36 Monthly installments	36 Months	April 30, 2021	-	2,492.31
Term Loan 23	Repayable in 48 Monthly installments	48 Months	May 1, 2021	1,500.00	3,150.21
Term Loan 24	Repayable in 32 Monthly installments	35 Months	July 31, 2021	-	926.36
Term Loan 25	Repayable in 36 Monthly installments	36 Months	January 31, 2022	1,247.00	2,915.00
Term Loan 26	Repayable in 48 Monthly installments	48 Months	March 15, 2022	958.33	1,458.33
Term Loan 27	Repayable in 34 Monthly installments	36 Months	March 30, 2022	529.56	1,235.58
Term Loan 28	Repayable in 60 Monthly installments	60 Months	April 30, 2022	4,501.31	6,001.44
Term Loan 29	Repayable in 48 Monthly installments	48 Months	May 4, 2022	1,562.50	2,312.50
Term Loan 30	Repayable in 72 Monthly installments	74 Months	May 31, 2022	10,207.81	12,708.33
Term Loan 31	Repayable in 57 Monthly installments	60 Months	July 31, 2022	3,128.37	4,169.45
Term Loan 32	Repayable in 34 Monthly installments	36 Months	September 21, 2022	1,765.21	3,177.21
Term Loan 33	Repayable in 48 Monthly installments	48 Months	October 15, 2022	3,124.94	4,375.00
Term Loan 34	Repayable in 48 Monthly installments	48 Months	October 29, 2022	6,251.19	8,752.04
Term Loan 35	Repayable in 10 Quarterly installments	33 Months	December 30, 2022	800.21	1,600.00
Term Loan 36	Repayable in 46 Monthly installments	48 Months	December 31, 2022	4,876.00	6,844.00
Term Loan 37	Repayable in 60 Monthly installments	60 Months	December 31, 2022	14,666.57	19,146.85
Term Loan 38	Repayable in 57 Monthly installments	60 Months	January 3, 2023	3,684.39	4,736.90
Term Loan 39	Repayable in 48 Monthly installments	48 Months	January 6, 2023	3,438.13	4,688.48

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2024	As at March 31, 2023
Term Loan 40	Repayable in 48 Monthly installments	48 Months	January 26, 2023	10,312.50	14,062.50
Term Loan 41	Repayable in 81 Monthly installments	84 Months	January 28, 2023	4,074.89	4,815.94
Term Loan 42	Repayable in 60 Monthly installments	66 Months	March 26, 2023	7,831.26	9,833.00
Term Loan 43	Repayable in 16 Quarterly installments	48 Months	March 28, 2023	6,934.69	9,375.00
Term Loan 44	Repayable in 12 Quarterly installments	36 Months	March 31, 2023	4,084.39	6,418.30
Term Loan 45	Repayable in 60 Monthly installments	60 Months	April 30, 2023	16,004.73	20,005.40
Term Loan 46	Repayable in 20 Quarterly installments	60 Months	June 30, 2023	8,001.16	10,002.48
Term Loan 47	Repayable in 16 Quarterly installments	48 Months	June 30, 2023	7,564.39	10,000.00
Term Loan 48	Repayable in 54 Monthly installments	60 Months	July 28, 2023	6,123.17	7,500.00
Term Loan 49	Repayable in 10 Quarterly installments	33 Months	July 29, 2023	2,100.53	3,000.00
Term Loan 50	Repayable in 19 Quarterly installments	60 Months	September 30, 2023	6,318.41	7,507.60
Term Loan 51	Repayable in 78 Monthly installments	84 Months	September 30, 2023	23,076.30	25,000.00
Term Loan 52	Repayable in 33 Monthly installments	36 Months	September 16, 2023	7,910.99	-
Term Loan 53	Repayable in 20 Quarterly installments	60 Months	September 30, 2023	2,550.00	-
Term Loan 54	Repayable in 60 Monthly installments	60 Months	July 31, 2023	4,249.96	-
Term Loan 55	Repayable in 60 Monthly installments	60 Months	July 28, 2023	4,320.36	-
Term Loan 56	Repayable in 60 Monthly installments	66 Months	January 30, 2024	28,506.52	-
Term Loan 57	Repayable in 60 Monthly installments	60 Months	July 31, 2023	8,501.76	-
Term Loan 58	Repayable in 20 Quarterly installments	60 Months	October 3, 2023	900.00	-
Term Loan 59	Repayable in 19 Quarterly installments	60 Months	February 29, 2024	14,209.47	-
Term Loan 60	Repayable in 60 Monthly installments	63 Months	December 31, 2023	4,667.71	-
Term Loan 61	Repayable in 60 Monthly installments	60 Months	October 5, 2023	9,059.75	-
Term Loan 62	Repayable in 60 Monthly installments	60 Months	January 7, 2024	8,983.35	-
Term Loan 63	Repayable in 60 Monthly installments	63 Months	January 27, 2024	4,749.98	-
Term Loan 64	Repayable in 60 Monthly installments	63 Months	January 27, 2024	4,749.98	-
Term Loan 65	Repayable in 60 Monthly installments	60 Months	October 31, 2023	9,002.02	-
Term Loan 66	Repayable in 45 Monthly installments	48 Months	December 31, 2023	13,260.00	-
Term Loan 67	Repayable in 78 Monthly installments	84 Months	May 31, 2024	49,999.27	-
Term Loan 68	Repayable in 19 Quarterly installments	60 Months	July 1, 2024	7,500.00	-
Term Loan 69	Repayable in 60 Monthly installments	60 Months	January 31, 2024	4,751.07	-
Term Loan 70	Repayable in 19 Quarterly installments	60 Months	October 1, 2024	22,500.00	-
Term Loan 71	Repayable in 23 Quarterly installments	72 Months	September 30, 2024	1,500.39	-
Term Loan 72	Repayable in 60 Monthly installments	60 Months	April 30, 2024	5,001.29	-
Term Loan 73	Repayable in 16 Quarterly installments	48 Months	June 28, 2024	10,009.95	-
Term Loan 74	Repayable in 60 Monthly installments	60 Months	April 7, 2024	9,999.99	-
Term Loan 75	Repayable in 60 Monthly installments	60 Months	April 29, 2024	1,000.00	-
Total				**409,798.08**	**240,224.83**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.10 to 1.25 times of the outstanding amount at any point in time.

As at March 31, 2024, the rate of interest across term loans from banks was in the range of 8.25% p.a to 12.50% p.a (March 31, 2023- 8.25% p.a to 12.25% p.a)

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2024	As at March 31, 2023
Term loans from others					
Term loans from others 1	Repayable in 60 Monthly installments	60 Months	May 1, 2019	2.78	244.48
Term loans from others 2	Repayable in 20 Quarterly installments	63 Months	September 1, 2019	65.00	333.01
Term loans from others 3	Repayable in 48 Monthly installments	48 Months	March 5, 2020	-	180.06
Term loans from others 4	Repayable in 36 Monthlyinstallments	36 Months	January 31, 2021	-	750.20
Term loans from others 5	Repayable in 30 Monthly installments	30 Months	February 3, 2021	-	597.38
Term loans from others 6	Repayable in 36 Monthly installments	36 Months	January 20, 2021	-	1,253.98
Term loans from others 7	Repayable in 36 Monthly installments	36 Months	April 30, 2021	-	662.98
Term loans from others 8	Repayable in 16 Quarterly installments	48 Months	June 1, 2021	624.98	1,250.00
Term loans from others 9	Repayable in 48 Monthly installments	48 Months	December 5, 2022	5,702.89	7,835.76
Term loans from others 10	Repayable in 61 Quarterly installments	61 Months	May 5, 2023	4,108.88	5,002.32
Term loans from others 11	Repayable in 11 Quarterly installments	36 Months	July 1, 2023	4,453.25	7,000.00
Term loans from others 12	Repayable in 60 Monthly installments	60 Months	February 5, 2024	4,895.39	-
Term loans from others 13	Repayable in 48 Monthly installments	48 Months	February 5, 2024	7,231.64	-
Term loans from others 14	Repayable in 60 Monthly installments	60 Months	January 31, 2024	4,796.29	-
Term loans from others 15	Repayable in 21 Quarterly installments	63 Months	June 30, 2024	45,071.75	-
Total				**76,952.85**	**25,110.17**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.10 to 1.25 times of the outstanding amount at any point in time.
As at March 31, 2024, the rate of interest across term loans from banks was in the range of 9.00% p.a to 11.75% p.a (March 31, 2023- 9.15% p.a to 11.75% p.a)

Borrowings Under Securitization					
Borrowings Under Securitization 1	Repayable in 59 Monthly installments	59 Months	September 17, 2019	-	188.08
Borrowings Under Securitization 2	Repayable in 60 Monthly installments	60 Months	May 15, 2020	64.77	1,978.90
Borrowings Under Securitization 3	Repayable in 60 Monthly installments	60 Months	July 15, 2020	390.28	2,036.66
Borrowings Under Securitization 4	Repayable in 65 Monthly installments	65 Months	August 14, 2020	-	1,479.10
Borrowings Under Securitization 5	Repayable in 55 Monthly installments	55 Months	November 20, 2020	381.51	2,286.82
Borrowings Under Securitization 6	Repayable in 48 Monthly installments	48 Months	January 15, 2021	-	402.74
Borrowings Under Securitization 7	Repayable in 59 Monthly installments	60 Months	January 16, 2021	-	803.14
Borrowings Under Securitization 8	Repayable in 61 Monthly installments	61 Months	February 18, 2021	-	875.52
Borrowings Under Securitization 9	Repayable in 61 Monthly installments	61 Months	February 21, 2021	2,521.81	5,983.01

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2024	As at March 31, 2023
Borrowings Under Securitization 10	Repayable in 53 Monthly installments	53 Months	April 16, 2021	278.74	2,756.65
Borrowings Under Securitization 11	Repayable in 57 Monthly installments	57 Months	April 21, 2021	1,410.97	3,121.59
Borrowings Under Securitization 12	Repayable in 64 Monthly installments	64 Months	January 17, 2023	4,775.25	6,984.80
Borrowings Under Securitization 13	Repayable in 58 Monthly installments	58 Months	January 17, 2023	4,257.21	6,590.32
Borrowings Under Securitization 14	Repayable in 60 Monthly installments	60 Months	January 18, 2023	10,768.88	16,291.96
Borrowings Under Securitization 15	Repayable in 64 Monthly installments	64 Months	January 20, 2023	3,273.24	4,615.03
Borrowings Under Securitization 16	Repayable in 60 Monthly installments	60 Months	April 22, 2023	24,116.17	34,400.01
Borrowings Under Securitization 17	Repayable in 64 Monthly installments	64 Months	April 22, 2023	6,624.90	9,374.86
Borrowings Under Securitization 18	Repayable in 67 Monthly installments	67 Months	October 19, 2023	10,884.76	-
Borrowings Under Securitization 19	Repayable in 68 monthly installments	68 Months	October 19, 2023	9,289.11	-
Borrowings Under Securitization 20	Repayable in 63 monthly installments	63 Months	October 19, 2023	30,469.56	-
Total				**109,507.16**	**100,169.19**

*Refer Note No 48-AH, 5 for security and credit enhancement details pertaining to borrowings from securitisation arrangements.
As at March 31, 2024, the rate of interest across loans from Securitisation was in the range of 8.80% p.a to 10.15% p.a (March 31, 2023- 8.50% p.a to 11.00% p.a)

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2024	As at March 31, 2023
Term loans from others parties (unsecured) - (External Commercial Borrowing)					
External Commercial Borrowing-1	Repayable in 5 Half yearly installments	60 months	March 31, 2025	8,340.50	8,217.00
Total				**8,340.50**	**8,217.00**

As at March 31, 2024, the rate of interest on External Commercial Borrowing was 4.20% p.a (March 31, 2023- 4.20% p.a)

Particulars	As at March 31, 2024	As at March 31, 2023
18. Other financial liabilities		
Lease Liability (Refer Note: 37)	3,599.93	2,986.05
Employee related payables	6,284.30	2,975.86
Others	86.66	108.10
Total	**9,970.89**	**6,070.01**
19. Provisions		
Provision for employee benefits		
Provision for gratuity (Refer Note:40)	808.92	384.33
Provision for compensated absences	1,282.87	773.84
Total	**2,091.79**	**1,158.17**
20. Other non-financial liabilities		
Statutory dues payable	1,129.84	1,342.88
Others*	138.26	481.49
Total	**1,268.10**	**1,824.37**

*Includes unspent corporate social responsibility fund amounting to INR 138.26 lakhs (March 31, 2023 :INR 481.49 lakhs)

21. Equity share capital		
Authorised		
550,000,000 shares (March 31, 2023 - 550,000,000) of INR 1 each	5,500.00	5,500.00
Issued, subscribed and paid up		
292,449,220 shares (March 31, 2023 -291,366,120) of INR 1 each	2,924.49	2,913.66
Total	**2,924.49**	**2,913.66**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount in INR Lakhs	Number of shares	Amount in INR Lakhs
Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year				
As at beginning of the year	**291,366,120**	**2,913.66**	**291,343,120**	**2,913.43**
Equity Shares issued in exercise of employee stock options	1,083,100	10.83	23,000	0.23
As at the end of the year	**292,449,220**	**2,924.49**	**291,366,120**	**2,913.66**

Terms/rights attached to Equity Shares:
The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity Shares reserverd for issue under options
Information relating to Employee Stock Option Schemes including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 41.

Name of Promoter	Number of Shares at the begnning of the year	Movement during the year	Numbers of Shares at the end of the year	% of Total Shares	% of Change during the year
As at March 31, 2024					
Promoter Holdings					
Fully paid up shares					
(i) D. Lakshmipathy	30,690,678	-	30,690,678	10.49%	0.00%
(ii) L. Hema	20,890,600	-	20,890,600	7.14%	0.00%
(iii) L. Shritha	200,000	-	200,000	0.07%	0.00%
(iv) Matrix Partners India Investment Holding II LLC	24,146,663	(19,498,773)	4,647,890	1.59%	-80.75%
(v) Peak XV Partners Investments V (earlier known as SCI Investments V)	22,845,487	(4,567,945)	18,277,542	6.25%	-19.99%
Total	**98,773,428**	**(24,066,718)**	**74,706,710**	**25.55%**	**-24.37%**
As at March 31, 2023					
Fully paid up shares					
(i) D. Lakshmipathy	36,037,450	(5,346,772)	30,690,678	10.53%	-14.84%
(ii) L. Hema	20,890,600	-	20,890,600	7.17%	0.00%
(iii) L. Shritha	200,000	-	200,000	0.07%	0.00%
(iv) Matrix Partners India Investment Holding II LLC	41,009,990	(16,863,327)	24,146,663	8.29%	-41.12%
(v) Peak XV Partners Investments V (earlier known as SCI Investments V)	25,696,500	(2,851,013)	22,845,487	7.84%	-11.09%
Total	**123,834,540**	**(25,061,112)**	**98,773,428**	**33.90%**	**-20.24%**

The determination /identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the Company which has been solely relied upon by the auditors.

Name of shareholder	As at March 31, 2024		As at March 31, 2023	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class
Details of shareholders holding more than 5% shares in the Company				
TPG Asia VII SF Pte. Ltd.	32,787,639	11.21%	50,752,693	17.42%
Matrix Partners India Investment Holdings II, LLC	4,647,890	1.59%	24,146,663	8.29%
D. Lakshmipathy	30,690,678	10.49%	30,690,678	10.53%
Norwest Venture Partners X - Mauritius	15,098,476	5.16%	23,567,912	8.09%
Peak XV Partners Investments V (earlier known as SCI Investments V)	18,277,542	6.25%	22,845,487	7.84%
L. Hema	20,890,600	7.14%	20,890,600	7.17%
Sirius II Pte Ltd	17,593,990	6.02%	17,593,990	6.04%

Particulars	As at March 31, 2024	As at March 31, 2023
22. Other Equity		
Statutory reserve	55,900.85	39,182.52
Share options outstanding account	5,634.70	6,120.40
Securities premium	234,158.90	231,436.81
General reserve	719.60	719.60
Retained earnings	220,608.74	153,788.67
Effective portion of Cashflow Hedges	(331.81)	(208.19)
Total	**516,690.98**	**431,039.81**
i. Statutory reserve		
Opening balance	39,182.52	27,112.60
Amount transferred from surplus in the statement of profit and loss	16,718.33	12,069.92
Closing balance	**55,900.85**	**39,182.52**

Particulars	As at March 31, 2024	As at March 31, 2023

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 16,718.33 lakhs (March 31, 2023: INR 12,069.92 lakhs), out of the profit after tax for the year ended March 31, 2024 to Statutory Reserve.

Five-Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2019. The erstwhile wholly owned subsidiary has surrendered its Certificate of Registration to carry on the business of housing finance institution to National Housing Bank (NHB) on June 5, 2020. The statutory reserve maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 was subsumed in the statutory reserve maintained by the Company.

No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

ii. Share options outstanding account		
Opening balance	6,120.40	3,405.80
Share based payment expense	1,554.33	2,764.19
Less : Transfer to securities premium	(2,040.03)	(49.59)
Closing balance	**5,634.70**	**6,120.40**

The amount represents reserve created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service. Also refer note 41.

iii. Securities premium		
Opening balance	231,436.81	231,361.87
Premium on shares issued during the period	682.06	25.35
Transfer to securities premium on exercise of ESOP	2,040.03	49.59
Closing balance	**234,158.90**	**231,436.81**

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. During the year ended March 31, 2024, Securities premium was utilised to the extent of INR Nil lakhs (March 31, 2023- INR 170.10 lakhs) towards share issue expenses, in line with Section 52 of the Companies Act 2013.

iv. General reserve		
Opening balance	719.60	719.60
Amount transferred from profit and loss	-	-
Closing balance	**719.60**	**719.60**

General reserve is a free reserve which can be utilised for any purpose as may be required.

v. Retained earnings		
Opening balance	153,788.67	105,616.78
Profit for the year	83,591.63	60,349.61
Less: Transfer to Statutory reserve	(16,718.33)	(12,069.92)
Less: Re-measurements of defined benefit plan	(53.23)	(107.80)
Closing balance	**220,608.74**	**153,788.67**

Retained earnings are the profits/(loss) that the Company has earned/incurred till March 31, 2024, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date. The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013 and the regulations of Reserve Bank of India.

Particulars	As at March 31, 2024	As at March 31, 2023
vi. Effective portion of Cashflow Hedges		
Opening balance	(208.19)	(94.98)
Additions	(123.62)	(113.21)
Closing balance	**(331.81)**	**(208.19)**

Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.

23. Interest income		
On financial assets measured at amortised cost		
Interest on loans	206,861.17	146,303.00
Interest on deposits with banks	4,145.23	2,763.19
Interest on Investment in Government Securities	652.06	812.18
Total	**211,658.46**	**149,878.37**

24. Fee income		
Legal and inspection fees	948.64	658.93
Others charges	1,243.20	716.96
Total	**2,191.84**	**1,375.89**

Other Charges comprises of charges collected from the customers in the nature of document storage charges, cheque dishonour charges and other charges as applicable.

All services that generate revenue from contract with customer are rendered at a point in time and are rendered in India.

25. Net gain on fair value changes		
Net gain on financial instruments at fair value through profit or loss (FVTPL)		
On trading portfolio		
-Mutual fund investments at FVTPL	4,434.43	830.59
Total	**4,434.43**	**830.59**
Fair value changes		
Realised	4,434.43	830.59
Unrealised	-	-
Total	**4,434.43**	**830.59**

26. Other Income		
Recovery of assets written off	953.27	735.11
Other non-operating income	272.08	72.79
Total	**1,225.35**	**807.90**

27. Finance costs		
(On financial liabilities measured at amortised cost)		
Interest on borrowings		
- term loans from banks	30,396.87	11,365.54
- cash credits and overdraft	3.43	13.92
- securitisation	10,095.09	4,059.20
- term loans from others	3,122.91	2,429.94
Interest on debt securities	2,844.20	8,436.45
Other borrowing cost	69.55	47.46
Interest on lease liability	317.52	272.59
Total	**46,849.57**	**26,625.10**

Particulars	As at March 31, 2024	As at March 31, 2023
28. Impairment on financial instruments		
On financial assets measured at amortised cost		
Impairment loss allowance on loans*	5,536.42	2,014.70
Total	**5,536.42**	**2,014.70**

*Includes write-off of INR 784.33 lakhs for the year ended March 31, 2024.(for the year ended March 31, 2023 INR 1,199.22 lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
29. Employee benefits expenses		
Salaries, wages and bonus	37,174.07	28,345.84
Contribution to Provident and Other funds (refer note 40)	2,218.97	1,707.59
Gratuity Expense (refer note 40)	658.74	397.29
Employee stock option expenses (Refer note 41)	1,554.33	2,764.19
Staff welfare expenses	1,252.83	1,427.75
Total	**42,858.94**	**34,642.66**
30. Depreciation and amortization		
Depreciation on property, plant and equipment (Refer note 12)	1,011.95	830.56
Amortisation of intangible assets (Refer note 13)	291.04	40.69
Depreciation on right of use asset (Refer note 37)	1,154.13	859.99
Total	**2,457.12**	**1,731.24**
31. Other expenses		
Rent expense	74.24	49.97
Rates and taxes	135.51	108.02
Electricity expenses	232.28	155.84
Repairs and maintenance	682.30	498.25
Communication costs	1,180.60	711.44
Printing and stationery	746.92	565.30
Advertisement and publicity	83.68	32.82
Directors fees, allowances and expenses	79.68	87.96
Auditor's fees and expenses (Refer note 31.1)	148.29	137.04
Legal and professional charges	1,469.87	1,128.61
Insurance	18.29	9.13
Corporate social responsibility expenses (Refer note 31.2)	1,274.50	961.27
Travel expenses	869.50	555.15
Information technology expenses	2,809.61	2,154.64
Loss on sale of property, plant and equipment	2.15	2.83
Bank charges	372.90	185.66
Miscellaneous expenses	34.13	61.63
Total	**10,214.45**	**7,405.56**
31.1. Payment to auditors (excluding taxes)		
Statutory audit including limited reviews and certificates	138.00	132.36
Tax audit	2.00	2.06
Reimbursement of expenses	8.29	2.62
Total	**148.29**	**137.04**

Note:
Excludes remuneration amounting to INR 274.53 Lakhs paid to the auditors during FY 2022-23 for services in connection with initial public offer of equity shares of the Company. Subsequently the same has been reimbursed from the selling shareholders.

Particulars	As at March 31, 2024	As at March 31, 2023
31.2. Details of expenditure on corporate social responsibility ("CSR")		
(a) Amount required to be spent by the Company during the year	1,271.19	961.20
(b) Amount of expenditure incurred during the year		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,274.50	529.77
(c) Shortfall at the end of the year**	-	431.43
(d) Total of previous shortfall***	138.19	50.00
(e) Reason for shortfall	Not Applicable	*
(f) Nature of CSR activities	Contribution towards projects in the domain of education and healthcare	Contribution to projects in the domain of education and healthcare
(g) Details of related party transactions	Nil	Nil

*The amount categorised as shortfall for the year ended March 31, 2023 aggregating to INR 431.43 Lakhs, is towards the ongoing projects under the activities mentioned in Schedule VII of the Companies Act, 2013 and the same was approved by the CSR Committee at its meeting held on December 23, 2022 and March 18, 2023.

**The Company has incurred an amount of INR 0.07 Lakhs in excess of the CSR liability as per Section 135 of the Companies Act, 2013 for the year ended March 31, 2023.

***The amount categorised as shortfall amounting to INR 50.00 Lakhs for the year ended March 31, 2021, is towards the ongoing projects under the activities mentioned in Schedule VII of the Companies Act, 2013 and the same was approved by the CSR Committee at its meeting held on March 22, 2021.

Details of ongoing projects

In case of S. 135(6) (Ongoing Project)

Year	Opening Balance		Amount required to be spent during the year	Amount spent during the year from		Closing Balance	
	With Company	In Separate CSR Unspent A/c		Company's bank A/c	Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
2021-22	-	50.00	-	-	50.00	-	-
2022-23	-	431.49	-	-	293.23	-	138.26

31.3 (a) Expenditure in Foreign Currency		
Information technology expenses	385.65	364.07
Processing fee on borrowings	-	-
(b) Remittances in Foreign Currency		
Information technology expenses	385.65	364.07
Processing fee on borrowings	29.16	-
Offer expenses in connection with the Initial Public Offer	-	257.77
(c) There are no dividend paid in foreign currency		
32. Income tax		
i. Current tax		
In respect of current year	29,883.16	20,715.40
Total	**29,883.16**	**20,715.40**

Particulars	As at March 31, 2024	As at March 31, 2023
ii. Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(1,881.21)	(591.52)
Total	**(1,881.21)**	**(591.52)**
Tax expense (i)+(ii)	**28,001.95**	**20,123.88**
32.1. Deferred tax related to the items recognised in other comprehensive income during the year		
Tax impact on:		
Re-measurements of the defined benefit plan	17.90	36.26
Net movement on effective portion of cashflow hedge	41.58	38.07
Deferred tax charged to Other Comprehensive Income	**59.48**	**74.33**
32.2. Reconciliation of total tax expense		
Profit before tax	111,593.58	80,473.49
Applicable tax rate	25.17%	25.17%
Computed tax expense	28,085.87	20,253.57
Tax effect of:		
Permanent Differences		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(406.41)	(397.26)
Disallowance related to CSR expenditure	320.77	241.93
Others	1.72	25.64
Income tax expense recognised in statement of profit and loss	**28,001.95**	**20,123.88**
Effective tax rate	**25.09%**	**25.01%**
33. Reconciliation of deferred tax assets / (liability):		
In relation to :		
Difference between written down value of Property plant & equipment and intangible assets as per books of accounts and income tax	240.98	227.26
Employee Benefits	1,239.95	847.17
Cash flow hedge reserve	111.59	70.01
Impairment allowance of financial instruments	2,331.96	1,783.84
Impact of Effective interest rate adjustment on Financial Assets	4,037.11	2,628.96
Impact of Effective interest rate adjustment on Financial liabilities	(734.08)	(265.97)
Recognition of lease liability and right to use asset	45.78	41.33
Total	**7,273.29**	**5,332.60**

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
33.1 Reconciliation of deferred tax assets / (liability):				
The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense				
For the year ended March 31, 2024 :				
Difference between written down value of Property plant & equipment and intangible assets as per books of accounts and income tax	227.26	13.72	-	240.98
Employee benefits	847.17	374.88	17.90	1,239.95
Cash flow hedge reserve	70.01	-	41.58	111.59
Impairment allowance (Including Write-Off)	1,783.84	548.12	-	2,331.96
Unamortised processing fee income	2,628.96	1,408.15	-	4,037.11
Unamortised processing fee expenses	(265.97)	(468.11)	-	(734.08)
Recognition of lease liability and right to use asset	41.33	4.45	-	45.78
Total	**5,332.60**	**1,881.21**	**59.48**	**7,273.29**
For the year ended March 31, 2023 :				
Difference between written down value of fixed assets as per books of accounts and income tax	197.28	29.98	-	227.26
Employee benefits	640.62	170.29	36.26	847.17
Cash flow hedge reserve	31.94	-	38.07	70.01
Impairment allowance (Including Write-Off)	2,277.89	(494.05)	-	1,783.84
Unamortised processing fee income	1,829.81	799.15	-	2,628.96
Unamortised processing fee expenses	(338.92)	72.95	-	(265.97)
Recognition of lease liability and right to use asset	28.12	13.21	-	41.33
Total	**4,666.74**	**591.53**	**74.33**	**5,332.60**

Particulars	As at March 31, 2024	As at March 31, 2023
34. Commitments		
Estimated amount of contracts remaining to be executed on capital account (net off capital advances) and not provided for	34.78	162.53
35. Contingent liabilities		
Claims against the Company not acknowledged as debt		
- Income tax related matters (excluding penalties and interest)	-	6.74
Bank Guarantee to National Stock Exchange in connection with the IPO	1,660.10	1,660.10

36. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is Nil.

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and-Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

37. Leases

The Company has taken office premises on lease for its operations. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

i). Movement in carrying value of right of use assets		
Opening Balance	2,846.17	1,978.10
Additions during the year	1,830.42	1,897.77
Depreciation	(1,154.13)	(859.99)
Derecognition on termination of leases	(114.72)	(169.70)
Closing Balance	**3,407.75**	**2,846.17**
ii). Movement in lease liabilities		
Opening Balance	2,986.05	2,113.32
Additions during the year	1,798.51	1,860.08
Interest on lease liabilities	317.52	272.59
Rent payments	(1,381.86)	(1,051.08)
Derecognition on termination of leases	(120.29)	(208.86)
Closing Balance	**3,599.93**	**2,986.05**
iii). Amounts recognised in statement of profit and loss		
Rent expense on short term leases (Refer note 31)	74.24	49.97
Interest on lease liabilities	317.52	272.59
Depreciation on Right of use asset	1,154.13	859.99
Gain recognised on derecognition of leases	(5.58)	(39.16)
iv). Future lease commitments		
Future undiscounted lease payments to which leases is not yet commenced	-	12.60
v). Cash flows		
Total cash outflow for leases	1,456.10	1,101.05
vi). Maturity analysis of undiscounted lease liabilities		
Not later than one year	1,487.77	1,153.06
Later than one year and not later than five years	2,643.44	2,106.91
Later than five years	172.37	317.27

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 9.15% to 9.49%

38. Earnings per share

Profit after tax	**83,591.63**	**60,349.61**
Weighted Average Number of Equity Shares in calculation of basic earnings per share	291,832,446	291,361,835
Dilution on account of ESOP and partly-paid up shares	2,559,639	3,123,179
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	294,392,085	294,485,014
Basic earnings per share	28.64	20.71
Diluted earnings per share	28.39	20.49

39. Segment Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chairman and Managing Director ('CMD') to make decisions about resources to be allocated to the segments and assess their performance. The CMD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CDM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to small business loans and loans for house renovations / extensions etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.

40. Employee benefits - post employment benefit plans

A. Defined contribution plans

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 1,779.31 lakhs (year ended March 31, 2023 - INR 1,371.90 lakhs) for provident fund contributions, and INR 421.75 lakhs (year ended March 31, 2023 - INR 356.67 lakhs) for employee state insurance scheme contributions (refer note 29) in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cash flows.

Particulars	As at March 31, 2024	As at March 31, 2023

Market risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Reconciliation of net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) / liability and its components.

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligations	2,488.62	1,793.23
Fair value of plan assets	(1,679.71)	(1,408.90)
(Asset) / Liability recognised in the balance sheet	**808.91**	**384.33**
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	1,793.23	1,246.93
Benefits paid	(135.14)	(59.67)
Current service cost	631.28	390.71
Interest cost	128.13	71.20
Actuarial (gain)/loss recognized in other comprehensive income		
changes in demographic assumptions	-	-
changes in financial assumptions	(2.46)	(112.79)
experience adjustments	73.58	256.85
Balance at the end of the year	**2,488.62**	**1,793.23**
Expense recognized in profit or loss		
Current service cost	631.28	390.71
Net Interest cost	27.46	6.58
Total	**658.74**	**397.29**
Remeasurements recognized in other comprehensive income		
Actuarial (gain) loss on defined benefit obligation	71.12	144.06
Total	**71.12**	**144.06**
Changes in the fair value of plan assets		
Fair value of plan assets as at the beginning of the year	1,408.90	907.29
Expected return on plan assets	100.67	64.62
Contributions	305.28	496.66
Benefits paid and charges deducted from the fund	(135.14)	(59.67)
Fair value of plan assets as at the end of the year	**1,679.71**	**1,408.90**
Net defined benefit (asset)/liability	**808.91**	**384.33**
Actuarial assumptions		
Discount rate	7.15%	7.13%
Future salary growth	15.00%	15.00%
Attrition rate	25.00%	25.00%
Mortality Rate	100% Indian Assured Lives Mortality (2012-14)	100% Indian Assured Lives Mortality (2012-14)

Particulars	As at March 31, 2024	As at March 31, 2023
Sensitivity Analysis		

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Discount rate		
-1% increase	(117.57)	(79.48)
-1% decrease	128.68	86.97
Attrition rate		
-1% increase	(46.71)	(37.25)
-1% decrease	50.28	40.00
Future salary growth		
-1% increase	111.74	82.96
-1% decrease	(105.62)	(78.27)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown

Additional Disclosures required under Ind AS 19		
Average Duration of Defined Benefit Obligations (in Years)	5.00	5.50
Projected undiscounted expected benefit outgo		
Year 1	443.30	251.83
Year 2	375.92	305.60
Year 3	371.21	259.28
Year 4	375.87	240.16
Year 5	336.59	245.63
Next 5 Years	1,864.42	777.46
Expected benefit payments for the next annual reporting year	443.30	251.83

41. Share Based Payments

A. Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "FIVE-STAR ASOP, 2015") was taken by the Board of Directors at the meeting held on September 18, 2015 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016. The total options issuable under the plan are upto 5,63,000 options.

Later, the Board of Directors issued another scheme, named Five-Star Associate Stock Option Scheme, 2018 (hereinafter called "FIVE-STAR ASOP, 2018") at their meeting held on February 28, 2018 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018. The total options issuable under the plan are upto 5,00,000 options.

Nomination and Remuneration Committee constituted by the Board of Directors of the Company administers the plans. Under these plans, the participants are granted options which vest as per the schedule provided in the Grant Letter given to each of the participants. The time period for exercise of these options is defined in the Scheme document.

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
B. Reconciliation of outstanding share options				
Outstanding at beginning of year	66.91	4,105,130	65.01	3,908,000
Forfeited during the year	25.78	22,800	8.39	61,700
Exercised during the year	63.97	10,83,100	111.36	23,000
Granted during the year	-	-	86.53	281,830
Outstanding as at end of year	68.51	2,999,230	66.91	4,105,130
Exercisable Options	**65.84**	**1,416,556**	**61.91**	**1,283,660**

Particulars	As at March 31, 2024	As at March 31, 2023
The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2024 is INR 703.19 per share (March 31, 2023 : INR 399.86 per share)		
For the options outstanding at the end of the year:		
Weighted average remaining contractual life (in years)	5.14	5.71
Range of exercise prices (INR)	1-236.44	1-236.44
C. Expense recognised in the statement of profit and loss		
Expense arising from equity-settled share-based payment transactions	1,554.33	2,764.19
D. Measurement of fair values		
The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:		
Share price on Grant date (INR)	Not Applicable	399.86 - 411.96
Weighted average share price (INR)	Not Applicable	399.86 - 411.96
Exercise price (INR)	Not Applicable	67.44 - 236.44
Fair value of options at grant date (INR)	Not Applicable	234.32 - 349.16
Expected volatility	Not Applicable	39.75%-48.43%
Option term	Not Applicable	3.54-7.54 years
Expected dividends	Not Applicable	Nil
Risk free interest rate	Not Applicable	5.45-5.65%

42. Related party disclosures

a. Name of the related parties and nature of relationship:

Key Management Personnel :

D. Lakshmipathy, Chairman and Managing Director
K.Rangarajan, Chief Executive Officer
G. Srikanth, Chief Financial Officer
B. Shalini, Company Secretary
Bhama Krishnamurthy, Independent Director
A. Ramanathan, Independent Director (upto May 25, 2022)
T.T. Srinivasaraghavan, Independent Director (from August 25, 2021)
V. Thirulokchand, Non-executive Director
R Anand, Independent Director
Vikram Vaidyanathan, Non-Executive Director
G V Ravishankar, Non-Executive Director
Ramkumar Ramamoorthy, Independent Director (from June 08, 2022)

Director and relative of Key Management Personnel / Director

Hema Lakshmipathy, wife of Lakshmipathy Deenadayalan
Shritha Lakshmipathy, Daughter of Lakshmipathy Deenadayalan

Entities with Significant Influence over the Company

TPG Asia VII SF Pte. Ltd. (upto November 17, 2022)
Matrix Partners India Investment Holding II LLC
Peak XV Partners Investments V (earlier known as SCI Investments V)

Post Employment Benefit Funds

Five-Star Business Finance Limited Employees Gratuity Fund

Particulars	As at March 31, 2024	As at March 31, 2023
b. Key management personnel (KMP) compensation		
Short-term employee benefits		
D. Lakshmipathy	906.07	831.48
K.Rangarajan	319.24	293.48
G.Srikanth	183.32	170.00
B.Shalini	26.40	21.91
Post employment benefits		
D Lakshmipathy	0.22	0.22
K Rangarajan	0.22	0.22
G Srikanth	0.22	0.22
B Shalini	0.22	0.22
Share based payments		
K Rangarajan	662.99	1,270.91
G Srikanth	382.26	577.56
B Shalini	7.94	12.09
c. Details of related party transactions		
Reimbursement of Expenses (from)		
TPG Asia VII SF Pte. Ltd.	19.95	1,184.82
Matrix Partners India Investment Holding II LLC	20.50	1,217.13
SCI Investments V	4.75	282.10
Issue of shares		
K Rangarajan	5.87	-
G Srikanth	3.00	
B Shalini	0.04	0.03
Securities Premium		
K Rangarajan	390.15	-
G Srikanth	199.32	-
B Shalini	6.43	3.93
*excludes transfer from Share Based Payment reserve to Securities Premium on exercise of employee stock options		
Directors sitting fees		
R Anand	9.00	12.70
Bhama Krishnamurthy	9.20	13.10
A Ramanathan	-	1.80
V Thirulokchand	5.00	7.50
T T Srinivasaraghavan	6.00	8.70
Ramkumar Ramamoorthy	6.40	6.90
Commission to Directors		
R Anand	7.50	6.00
Bhama Krishnamurthy	7.50	6.00
A Ramanathan	-	1.00
V Thirulokchand	7.50	6.00
T T Srinivasaraghavan	7.50	6.00
Ramkumar Ramamoorthy	7.50	5.00
Personal Guarantee received for Borrowings		
D. Lakshmipathy	-	41,500.00
Payment towards gratuity fund		
Five-Star Business Finance Limited Employees Gratuity Fund	311.96	-

Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the Company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately. Compensation to independent and non-executive directors represent commission and sitting fees paid.

Particulars	As at March 31, 2024	As at March 31, 2023
d. Balance with Related Parties		
Employee Benefits Payable		
D Lakshmipathy	220.59	156.16
K Rangarajan	67.88	39.20
G Srikanth	24.97	17.00
B Shalini	1.80	-
Director Commission Payable		
R Anand	6.75	5.40
Bhama Krishnamurthy	6.75	5.40
A Ramanathan	-	0.90
V Thirulokchand	6.75	5.40
T T Srinivasaraghavan	6.75	5.40
Ramkumar Ramamoorthy	6.75	4.50

In addition to the above note, the Debt securities and borrowings other than debt securities aggregating to INR 48,785.58 lakhs (INR 78,420.87 as at March 31, 2023) has been guaranteed by the promoter, Mr. D Lakshmipathy.

43. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital management

The primary capital management objective is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years with regard to capital management. However, they are under constant review by the Board.

i. Net Debt to Equity Ratio

Consistent with the others in industry, the Company monitors the capital on the basis of gearing ratio (Net Debt divided by Equity). Under the terms of the major borrowing facilities, the Company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The Company has complied with this covenant through out the year.

Total Equity (A)	519,615.47	433,953.47
Debt Securities (B)	29,535.38	52,483.00
Borrowings other than Debt Securities (C)	602,049.13	372,244.91
Cash and Cash equivalents (D)	153,439.93	134,035.80
Net Debt (E = B+ C - D)	**478,144.58**	**290,692.11**
Net Debt to Equity Ratio (F = E / A)	**0.92**	**0.67**

ii. Regulatory capital

The Company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time

Particulars	As at March 31, 2024	As at March 31, 2023
to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing Company's Tier I and Tier II capital by risk weighted assets.		
Tier I Capital	472,582.70	390,860.96
Tier II Capital	-	-
Total Capital	**472,582.70**	**390,860.96**
Total Risk Weighted Assets	935,760.97	581,897.51
Capital Ratios		
CRAR - Tier I Capital%	50.50	67.17
CRAR - Tier II Capital%	-	-
CRAR%	50.50	67.17
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

The Company has CRAR of 50.50% as of March 31, 2024 as against the CRAR of 15% mandated by RBI.

Tier I capital comprises of shareholders' equity and retained earnings. Tier II Capital comprises of general provision and loss reserves (12 month expected credit losses). Credit enhancement relating to securitisation transactions have been reduced from Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier I and Tier II Capital have been reported based on Financial Statements of the Company and as prescribed by RBI guidelines. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk as prescribed by RBI guidelines.

44. Fair Value Measurement

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and and assumptions were used to estimate the fair values of the financial assets or liabilities

i) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product

ii) The fair value of Debt securities, Borrowings other than Debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rates.

iii) The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs

iv) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.

v) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

Particulars	Level 1	Level 2	Level 3	Total
Fair Value of financial instruments recognised and measured at fair value				
As at March 31, 2024				
Financial Assets:				
Derivative Financial Instruments	-	434.46	-	434.46
Financial Liabilities:				
Derivative Financial Instruments	-	60.87	-	60.87
As at March 31, 2023				
Financial Assets:				
Derivative Financial Instruments	-	346.09	-	346.09

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other comprehensive income	Total carrying value

45. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2024 were as follows:

Particulars	Amortised cost	Fair value through profit or loss	Other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents	153,439.93	-	-	153,439.93
Bank balances other than cash and cash equivalents	13,727.54	-	-	13,727.54
Loans	968,507.25	-	-	968,507.25
Investments	10,768.73	-	-	10,768.73
Derivative financial instruments	-	-	434.46	434.46
Other financial assets	5,680.88	-	-	5,680.88
Total	**1,152,124.33**	**-**	**434.46**	**1,152,558.79**
Financial liabilities:				
Derivative financial instruments	-	-	60.87	60.87
Trade payables	2,537.43	-	-	2,537.43
Debt securities	29,535.38	-	-	29,535.38
Borrowings (Other than debt securities)	602,049.13	-	-	602,049.13
Other financial liabilities	9,970.89	-	-	9,970.89
Total	**644,092.83**	**-**	**60.87**	**644,153.70**

The carrying value and fair value of financial instruments by categories as of March 31, 2023 are as follows:

Particulars	Amortised cost	Fair value through profit or loss	Other comprehensive income	Total carrying value
Financial assets:				
Cash and cash equivalents	134,035.80	-	-	134,035.80
Bank balances other than cash and cash equivalents	24,050.41	-	-	24,050.41
Loans	682,219.59	-	-	682,219.59
Investments	14,461.42	-	-	14,461.42
Derivative financial instruments	-	-	346.09	346.09
Other financial assets	3,193.36	-	-	3,193.36
Total	**857,960.58**	**-**	**346.09**	**8,58,306.67**
Financial liabilities:				
Trade payables	2,009.01	-	-	2,009.01
Debt securities	52,483.00	-	-	52,483.00
Borrowings (Other than debt securities)	372,244.91	-	-	372,244.91
Other financial liabilities	6,070.01	-	-	6,070.01
Total	**432,806.93**	**-**	**-**	**432,806.93**

For all the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair value, except as stated below. Such estimation is determined based on inputs where one or more unobservable input is significant to the measurement of the instrument as a whole (level 3), except for cash and cash equivalents and bank balances other than cash and cash equivalents where such estimation is determined based on unadjusted quoted prices from active markets for identical assets (level 1). The fair value of investment, Loans, debt securities and borrowings other than debt securities as at March 31, 2024 amounted to INR 10,619.58 lakhs, INR 9,84,310.44 lakhs, INR 30,195.28 lakhs and INR 6,02,961.73 lakhs respectively.(As at March 31, 2023 amounted to INR 14,371.06 lakhs, INR 6,89,959.66 lakhs, INR 56,681.44 lakhs and INR 3,72,219.22 lakhs respectively). There is no transfers between different levels during the year.

Particulars	As at March 31, 2024	As at March 31, 2023
45.1. Transfer of Financial Assets		
The following table provides the summary of financial assets that have been transferred in such a way that the part or all of the transferred financial assets does not qualify for derecognition, together with the associated liabilities.		
The Company has securitised certain loans, however the Company has not transferred substantially the risks and rewards, hence these assets have not been derecognised in its entirety.		
Carrying amount of assets measured at amortised cost	132,488.72	122,971.60
Carrying amount of associated liabilities	108,900.96	99,687.92
Fair value of assets	134,172.00	123,505.28
Fair value of associated liabilities	109,397.39	100,152.99

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
46. Maturity Analysis of assets and liabilities						
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.						
ASSETS						
Financial Assets						
Cash and cash equivalents	153,439.93	-	153,439.93	134,035.80	-	134,035.80
Bank balances other than cash and cash equivalents	4,190.40	9,537.14	13,727.54	13,960.84	10,089.57	24,050.41
Loans	162,221.19	806,286.06	968,507.25	107,451.46	574,768.13	682,219.59
Investments	10,768.73	-	10,768.73	4,049.75	10,411.67	14,461.42
Derivative financial instruments	-	434.46	434.46	-	346.09	346.09
Other financial assets	940.40	4,740.48	5,680.88	757.21	2,455.21	3,212.42
Total	**331,560.65**	**820,998.14**	**1,152,558.79**	**260,255.06**	**598,070.67**	**858,325.73**
Non-Financial Assets						
Current tax assets (Net)	-	251.82	251.82	-	193.57	193.57
Deferred tax assets (Net)	-	7,273.29	7,273.29	-	5,332.60	5,332.60
Investment property	-	3.56	3.56	-	3.56	3.56
Property, plant and equipment	-	2,053.86	2,053.86	-	1,543.01	1,543.01
Right of use asset	-	3,407.75	3,407.75	-	2,846.18	2,846.18
Other intangible assets	-	968.54	968.54	-	97.71	97.71
Other non-financial assets	1,938.32	421.99	2,360.31	1,218.68	721.75	1,940.43
Total	**1,938.32**	**14,380.81**	**16,319.13**	**1,218.68**	**10,738.38**	**11,957.06**
Total Assets	**333,498.97**	**835,378.95**	**1,168,877.92**	**261,473.74**	**608,809.05**	**870,282.79**
LIABILITIES AND EQUITY						
Financial Liabilities						
Derivative financial instruments	-	60.87	60.87	-	-	-
Payables						
Trade payables						
Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	2,537.43	-	2,537.43	2,009.01	-	2,009.01
Debt securities	4,019.20	25,516.18	29,535.38	43,862.59	8,620.41	52,483.00
Borrowings (other than debt securities)	151,973.62	450,075.51	602,049.13	100,817.89	271,427.02	372,244.91
Other financial liabilities	7,582.37	2,388.52	9,970.89	4,006.79	2,063.22	6,070.01
Total	**166,112.62**	**478,041.08**	**644,153.70**	**150,696.28**	**282,110.65**	**432,806.93**
Non-Financial Liabilities						
Current tax liabilities (Net)	1,748.86	-	1,748.86	539.85	-	539.85
Provisions	1,088.21	1,003.58	2,091.79	186.73	971.44	1,158.17
Other non-financial liabilities	1,268.10	-	1,268.10	1,824.37	-	1,824.37
Total	**4,105.17**	**1,003.58**	**5,108.75**	**2,550.95**	**971.44**	**3,522.39**
Total Liabilities	**170,217.79**	**479,044.66**	**649,262.45**	**153,247.23**	**283,082.09**	**436,329.32**
Net Assets / (Liabilities)			**519,615.47**			**433,953.47**

Particulars	As at March 31, 2024	As at March 31, 2023

47. Financial risk management objectives and policies

The Company's principal financial liabilities primarily comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, cash and cash equivalents that relate directly to its operations.

These activities exposes the Company to a variety of financial risks, as listed below apart from various operating and business risks, and the note below also explains how the Company manages such risks.

1. Market risk;
2. Credit risk;
3. Liquidity risk ; and
4. Foreign Currency Risk
5. Information Technology Risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The Company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The Company's borrowings are carried at amortised cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

Fixed rate instruments		
Financial assets	1,130,290.76	840,306.78
Financial liabilities	196,593.36	147,200.59
Total	**1,326,884.12**	**987,507.37**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	434,991.15	277,527.32
Total	**4,34,991.15**	**277,527.32**

Particulars	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow sensitivity analysis for variable-rate instruments:				
March 31, 2024				
Variable-rate instruments				
Cash flow sensitivity (net)	(3,393.86)	(3,393.86)	(2,539.63)	(2,539.63)
Total	**(3,393.86)**	**(3,393.86)**	**(2,539.63)**	**(2,539.63)**
March 31, 2023				
Variable-rate instruments				
Cash flow sensitivity (net)	(1,245.05)	(1,245.05)	(931.67)	(931.67)
Total	**(1,245.05)**	**(1,245.05)**	**(931.67)**	**(931.67)**

The sensitivity analysis above has been determined for borrowings where interest rates are variable. A 100 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The Company has Credit policy approved by the Board of Directors, which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Probability of default ("PD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

a. Probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last six years historical data.

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: best , worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the loan has remained overdue for a period greater than 90 days.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than or equal to 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months ECL
1-30 Days	Stage 1	12 Months ECL
31-90 Days	Stage 2	Lifetime ECL
90+ Days	Stage 3	Lifetime ECL

b. Loss given default

The credit risk assessment is based on a standardised loss given default (LGD) assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows.

Further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each of the homogeneous portfolios. When assessing forward-looking information, the expectation is based on multiple scenarios.

Under Ind AS 109, LGD rates are estimated for each of the homogeneous portfolios. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

c. Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of models.

d. Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Life-time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition. (Refer Note-6.1 for analysis of changes in the gross carrying amount and the corresponding ECL allowances)

Grouping financial assets measured on a collective basis

The Company calculates ECL on a collective basis for all asset classes.

The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

a). Geographic location

b). Ticket size

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The Company measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial assets.

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

Particulars	Provisions	As at March 31, 2024	As at March 31, 2023
Stage 1	12 month provision	0.39%	0.33%
Stage 2	Life time provision	8.08%	7.01%
Stage 3	Life time provision	54.27%	49.33%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.5 Summary of significant accounting policies. ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

Particulars	As at March 31, 2024	As at March 31, 2023
Best Case	10,866.65	10,642.19
Base Case	11,372.23	11,042.09
Worst Case	12,032.46	11,510.70

Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2024 was INR 60.25 Lakhs (March 31, 2023: INR 71.01 Lakhs).

The following table shows the risk concentration of loan portfolio by geography.

Tamil Nadu	300,961.73	244,781.19
Karnataka	60,554.37	45,368.90
Andhra Pradesh	355,175.06	224,992.53
Telangana	187,957.13	136,095.46
Others	59,410.77	40,245.13
Total	**964,059.06**	**691,483.21**

Note: The above risk concentration of loan portfolio excludes Inter-Corporate Deposits amounting to INR 20,306.14 lakhs as at March 31, 2024 (March 31, 2023- INR 1,842.24 lakhs).

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Investments

Investments comprises of mutual funds and government securities in accordance with the investment policy. Govenment securitites have sovereign rating and mutual fund investments are made with counterparties with low credit risk. The credit worthiness is of these counterparties are evaluated on an ongoing basis.

Other Financial Assets

Other financial assets is primarily constituted by security deposits and other receivables. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The Company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the Company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Exposure to liquidity risk

The table below provides details regarding the undiscounted contractual maturities of financial liabilities and assets including interest as at March 31, 2024:

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Derivative Financial Instruments	60.87	-	-	60.87	-
Trade payables	2,537.43	2,537.43	-	-	-
Debt Securities	29,535.38	5,838.27	2,406.11	27,761.00	-
Borrowings (Other than Debt Securities)	602,049.13	202,130.22	180,717.49	328,690.54	20,628.95
Other financial liabilities	9,970.89	7,858.73	1,049.69	1,593.75	172.37
Total (A)	**644,153.70**	**218,364.65**	**184,173.29**	**358,106.16**	**20,801.32**
Financial Assets					
Cash and cash equivalents	153,439.93	153,439.93	-	-	-
Bank Balances other than cash and cash equivalents	13,727.54	4,104.88	3,487.46	5,428.21	1,390.28
Loans	968,507.25	387,868.69	347,462.49	790,046.99	192,639.01
Investments	10,768.73	10,938.88	-	-	-
Derivative Financial Instruments	434.46	-	-	434.46	-
Other Financial assets	5,680.88	950.08	182.70	4,692.34	182.63
Total (B)	**1,152,558.79**	**557,302.46**	**351,132.65**	**800,602.00**	**194,211.92**

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2023:

Financial Liabilities					
Trade payables	2,009.01	2,009.01	-	-	-
Debt Securities	52,483.00	45,516.58	3,930.77	5,852.11	-
Borrowings (Other than Debt Securities)	372,244.91	130,840.29	109,638.82	197,225.87	10,053.69
Other financial liabilities	6,070.01	4,237.02	998.63	1,108.28	317.27
Total (A)	**432,806.93**	**182,602.90**	**114,568.22**	**204,186.26**	**10,370.96**
Financial Assets					
Cash and cash equivalents	134,035.80	134,035.80	-	-	-
Bank Balances other than cash and cash equivalents	24,050.41	14,055.65	2,814.50	8,374.84	-
Loans	682,219.59	266,984.98	248,366.01	564,397.83	130,230.83
Investments	14,461.42	4,344.75	10,938.88	-	-
Derivative Financial Instruments	346.09	-	-	346.09	-
Other Financial assets	3,212.42	759.19	180.28	2,428.02	89.82
Total (B)	**858,325.73**	**420,180.37**	**262,299.67**	**575,546.78**	**130,320.65**

(iv) Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise primarily on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps . When a derivative is entered in to for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedged exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds a derivative financial instrument of Cross currency swap to mitigate risk of changes in exchange rate in foreign currency

The Counterparty for the contract is a bank. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

Disclosure of Effects of Hedge Accounting

Cash Flow Hedge

Impact of hedging instrument on balance sheet is, as follows:

As on 31st March 2024

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts	Nominal Value of Hedging Instrument INR Lakhs	Carrying Value INR Lakhs		Maturity Date	Changes in Fair Value of Hedging Instrument INR Lakhs	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness	Line Item in Balance Sheet
		Liability	Asset	Liability				
Cross Currency Interest Rate Swap	2	11,841.00	434.46	60.87	March 30, 2022 to June 30, 2028	27.50	193,69	Hedged Item-Borrowings Hedging Instrument-Derivative Financial Instrument (Asset)

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss ₹ Lakhs	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	(165.20)	-	-	NA

As on 31st March 2023

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts	Nominal Value of Hedging Instrument INR Lakhs	Carrying Value INR Lakhs		Maturity Date	Changes in Fair Value of Hedging Instrument INR Lakhs	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness	Line Item in Balance Sheet
		Liability	Asset	Liability				
Cross Currency Interest Rate Swap	1	7,591.00	346.09	-	March 30, 2022 to December 27, 2026	485.01	636.18	Hedged Item-Borrowings Hedging Instrument-Derivative Financial Instrument (Asset)

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss ₹ Lakhs	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	(151.28)	-	-	NA

(v) Information Technology Risk

Technology risk Technology risk may arise from potential impact to IT systems and data because of hardware or software failure, human errors, as well as engineered cyber-attacks. In an era where technology is an imperative to drive efficiency, effectiveness and innovation, it becomes essential for the NBFC to have well-defined policies and procedures, necessary infrastructure and controls, and periodic audits to guard itself against any looming threats. The Company has implemented the Master Directions on Technology notified by the Reserve Bank of India and has put in place the necessary policies, procedures, controls and governance mechanisms to mitigate this risk. In addition, the Company also undergoes an IT audit by an independent firm on a yearly basis, has periodic vulnerability and penetration tests conducted by a third-party agency to identify and plug any loopholes in its technology infrastructure, process controls and remediation preparedness. The IT Strategy Committee of the Company (supported by IT Steering Committee and Information Security Committee) looks into all these aspects to protect the Company's technology and data assets, and ensure adequate preparedness to manage these risks.

48. Disclosures required as per RBI Circulars/Directives

A. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side				
1. Loans and Advances availed by the non-banking financial company, inclusive of interest accrued thereon but not paid ^				
a. Debentures				
i. Secured	29,794.20	-	52,570.58	-
ii. Unsecured	-	-	-	-
b. Deferred Credits	-	-	-	-
c. Term Loans*	596,258.09	-	365,504.17	-
d. Inter-corporate loans and borrowings	-	-	-	-
e. Commercial Paper	-	-	-	-
f. Public Deposits	-	-	-	-
g. Other loans				
i). Loans repayable on demand (secured) - From Banks	80.55	-	85.19	-
ii). Loans from related parties (unsecured)	-	-	-	-
iii). Term Loans from other parties (unsecured)	8,340.50	-	8,217.00	-
2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :				
a. In the form of Unsecured debentures	-	-	-	-
b. In the form of party secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
c. Other public deposits	-	-	-	-

* includes borrowings under securitisation

^ The balances considered are without effective interest rate adjustments.

Particulars	Amount outstanding as on March 31, 2024	Amount outstanding as on March 31, 2023
Assets side		
3. Break-up of Loans and Advances, including Bills Receivables		
a. Secured(net of impairment loss allowance)	948,282.34	680,384.41
b. Unsecured	20,224.91	1,835.18
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i). Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-
(ii). Stock on hire including hire charges under Receivables		
a. Assets on hire	-	-
b. Repossessed assets	-	-
(iii). Other loans counting towards AFC activities		
a. Loans where assets have been repossessed (net)	-	-
b. Loans other than (i) above	-	-
5. Break-up of Investments		
a. Current Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities*	10,768.73	4,049.75
v. Others	-	-

* Includes investments in Treasury Bills, Government of India Strips and Government of India Fixed Rate Bonds.

Particulars	Amount outstanding as on March 31, 2024	Amount outstanding as on March 31, 2023
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities*	-	-
v. Others	-	-
b. Long-term Investments		
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities*	-	10,411.67
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

* Includes investments in Treasury Bills, Government of India Strips and Government of India Fixed Rate Bonds.

Particulars	Amount [Net of Provisions]			
	As at March 31, 2024		As at March 31, 2023	
	Total	Secured	Total	Secured
6. Borrower group-wise classification of assets financed in 3 and 4 above				
a. Related Parties	-	-	-	-
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	968,507.25	948,201.11	682,219.59	680,377.35
Total	**968,507.25**	**948,201.11**	**682,219.59**	**680,377.35**

Category	As atMarch 31, 2024		As at March 31, 2023	
	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)
7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
a. Related Parties	-	-	-	-
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	10,619.58	10,768.73	14,371.06	14,461.42
Total	**10,619.58**	**10,768.73**	**14,371.06**	**14,461.42**

Particulars	As at March 31, 2024	As at March 31, 2023
8. Other Informations		
a. Gross Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	13,283.99	9,393.85
b. Net Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	6,075.36	4,759.66
c. Assets acquired in satisfaction of debt	-	-

Disclosure pursuant to Reserve Bank of India Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

Particulars	As at March 31, 2024	As at March 31, 2023
B. Derivatives (Forward rate agreement / interest rate swap)		
(i) Notional Principal of Swap Accounts	11,841.00	7,591.00
(ii) Losses which would be incurred of counter parties failed to fulfill their obligations under the agreement	-	-
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from Swaps	-	-
(v) The fair value of the swap Book	373.59	346.09

The Company has hedged its foreign currency borrowings through cross currency swaps. For Accounting Policy & Risk Management Policy. (Refer note no. 3.21 and 47(iv))

Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

Disclosures on risk exposure in derivatives

Qualitative Disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. (refer note no. 3.22)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Derivatives (notional principal amount) for hedging	11,841.00	7,591.00
(ii) Marked to market positions		
(a) Asset	434.46	346.09
(b) Liability	60.87	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
C. Investments		
1. Value of Investments		
i. Gross value of investments		
a. In India	10,768.73	14,461.42
b. Outside India	-	-
ii. Provision for depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of investments		
a. In India	10,768.73	14,461.42
b. Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	-	-
ii. Add : Provisions made during the year	-	-
iii. Less : Write-off / write-back of excess provisions during the year	-	-
iv. Closing balance	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
D. Exposure to Real Estate Sector		
1. Direct exposure		
i. Residential Mortgages*		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	960,483.80	686,901.26
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	3,575.26	4,581.95
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total exposure to Real Estate sector (gross)	**964,059.06**	**691,483.21**

* Represents gross carrying amount as at the reporting date which are secured by underlying mortgaged properties.

Note: The above exposure excludes Inter-Corporate Deposits amounting to INR. 20,306.14 lakhs as at March 31, 2024 (INR. 1,842.24 lakhs as at March 31, 2023).

E. Customer Complaints		
No. of complaints pending at the beginning of the year	-	1
No. of complaints received during the year	152	90
No. of complaints redressed during the year	150	91
No. of complaints pending at the end of the year	2	-

F. Exposure to Capital Market

The Company does not have any exposure to capital market and hence this disclosure is not applicable.

G. Concentration of Advances		
Total Advances to twenty largest borrowers	744.27	758.55
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.08%	0.11%

Note: The above concentration of advances excludes Inter-Corporate Deposits amounting to INR 20,306.14 lakhs as at March 31, 2024 (INR 1,842.24 lakhs as at March 31, 2023).

H. Concentration of exposures		
Total exposure to twenty largest borrowers	744.27	758.55
Percentage of exposures to twenty largest borrowers to Total exposure of the NBFC	0.08%	0.11%

The above exposure denotes gross carrying amount

Note: The above concentration of exposure excludes Inter-Corporate Deposits amounting to INR 20,306.14 lakhs as at March 31, 2024 (INR 13,821.88 lakhs as at March 31, 2023).

I. Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts(Stage 3 assets)	86.23	89.24

J. Ratings assigned by Credit Rating Agencies

The Credit Analysis & Research Limited (CARE), CRISIL Limited (CRISIL) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Commercial Paper		
- CARE	A1+	A1+
Long term Bank Facilities		
- CARE	AA-	A+
- ICRA	AA-	AA-
- India Rating	AA-	AA-
Short term bank facilities		
- CARE	A1+	A+
Non Convertible Debentures		
- CARE	AA-	-
- ICRA	AA-	AA-

Particulars	As at March 31, 2024	As at March 31, 2023
K. Sector-wise Gross NPAs (Stage 3 assets)		
Agriculture & allied activities	-	-
MSME*	-	-
Corporate borrowers	-	-
Services*	1.56%	1.43%
Unsecured personal loans	-	-
Auto loans (commercial vehicles)	-	-
Other personal loans	1.12%	1.21%

* Represents small business loans given to borrowers involved in manufacturing/service sectors.
The above sector-wise NPA and advances is based on the data available with the company.

Particulars	As at March 31, 2024	As at March 31, 2023
L. Movement of NPAs (Stage 3 assets)		
Gross NPAs to Net Advances (%)	**1.38%**	**1.36%**
Net NPAs to Net Advances (%)	**0.63%**	**0.69%**
Movement of NPAs (Gross)		
(a) Opening balance	9,393.85	5,304.99
(b) Additions during the year	6,463.74	6,893.32
(c) Reductions during the year	(2,573.60)	(2,804.46)
(e) Closing balance	**13,283.99**	**9,393.85**
Movement of Net NPAs		
(a) Opening balance	4,759.66	3,454.04
(b) Additions during the year	2,287.75	3,088.98
(c) Reductions during the year	(972.05)	(1,783.36)
(d) Closing balance	**6,075.36**	**4,759.66**
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	4,634.19	1,850.95
(b) Provisions made during the year	4,175.99	3,804.34
(c) Write-off / write-back of excess provisions	(1,601.55)	(1,021.10)
(d) Closing balance	**7,208.63**	**4,634.19**

*Includes write-off of INR 784.33 lakhs for the year ended March 31, 2024.(for the year ended March 31, 2023 INR 1,199.22 lakhs)

Regulator	Registration No.
M. Other Regulator - Registration details	
i. Ministry of Corporate Affairs	L65991TN1984PLC010844
ii. Reserve Bank of India	B-07.00286
iii. National Housing Bank*	05.0134.16

*Certificate of Registration has been surrendered to NHB on June 5, 2020

N. Disclosure of penalties imposed by RBI and other regulators

There were no penalties imposed on the Company for the year ended March 31, 2024. The Company has paid a fine of Rs. 1,15,640 imposed by BSE for delay in considering & reporting of Financial results by fourteen days for the period ended September 2022 to the stock exchange, under Regulations 50(1), 52, 54(2) of SEBI LODR, 2015.

O. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) during the year ended March 31, 2024 and March 31, 2023.

P. Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint ventures and subsidiaries abroad during the year ended March 31, 2024 and March 31, 2023 and hence this disclosure is not applicable.

Q. Details of financing of parent company products

The Company does not have a parent company and hence this disclosure is not applicable.

Particulars	As at March 31, 2024	As at March 31, 2023

R. Details of non-performing financial assets purchased/ sold

The Company has not purchased any non-performing assets during the financial year ended March 31, 2024 and March 31, 2023.

S. Details of unsecured advances

The Company has unsecured Intercorporate deposits amounting to INR 20,306.14 lakhs as at March 31, 2024 (March 31, 2023 - INR 1,842.24 lakhs).

The company has not financed any unsecured advances against intangible securities such as rights, licenses, authority etc. as collateral security.

T. Off-Balance Sheet SPVs sponsored

The Company does not have Off-Balance Sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2024 and March 31, 2023.

U. Remuneration to non-executive directors

The Company has incurred commission of INR 37.50 Lakhs and sitting fee of INR 35.60 lakhs during the year ended March 31, 2024 (March 31, 2023: Commission - INR 30.00 lakhs, sitting fee - INR 50.70 lakhs)

V. Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2024 and March 31, 2023.

W. Provisions and Contingencies

Category-wise Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss (including other comprehensive Income)

Provisions for depreciation on investment	-	-
Provision towards non-performing assets*	3,358.76	3,982.46
Provision made towards income tax	29,883.16	20,715.40
Provision for compensated absences	1358.66	830.81
Provision for gratuity	729.87	541.35
Provision for standard assets#	2,177.66	(1,967.76)

* Represents impairment loss allowance on stage 3 assets - Includes write-off of INR 784.33 lakhs (March 31, 2023 - INR 1,199.22 lakhs)

X. Gold Loan Portfolio

The Company has not provided loan against gold during the year ended March 31, 2024 and March 31, 2023.

Y. Related Party Transaction

Details of all material transactions with related parties are disclosed in Note 42.

Z. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

AA. Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

AB. Ind As 110 – Consolidated Financial Statements (CFS)

The Company does not have any Subsidiary, Associate or Joint venture and hence is not required to prepare Consolidated financial statement.

AC. Public disclosure on Liquidity Risk

(i) Funding Concentration based on significant counterparty (borrowings)

S.No.	No. of Significant Counterparties	Amount (₹ in lakhs)	% of Total Liabilities
1	24	568,441.35	87.55%

(ii) Top 20 large deposits (amount in Rs. and % of total deposits): Not Applicable

S.No.	No. of Significant Counterparties	Amount (₹ in lakhs)	% of Total Borrowings
(iii) Top 10 borrowings (amount in Rs. and % of total borrowings)			
1	Total of top 10 borrowings	267,295.92	42.33%

S.No.	No. of Significant Counterparties	Amount (₹ in lakhs)	% of Total Liabilities
(iv) Funding Concentration based on significant instrument/product			
1	Non-Convertible Debentures	29,535.38	4.55%
2	Term Loan	484,783.03	74.67%
3	Securitisation	108,900.96	16.77%
4	External commercial borrowings	8,284.59	1.28%

S.No.	Name of the Instrument / Product	Percentage
(v) Stock Ratios		
1	Commercial papers as a % of total public funds, total liabilities and total assets	Nil
2	Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	Nil
3	Other short-term liabilities, if any as a % of total public funds	26.30%
4	Other short-term liabilities, if any as a % of total liabilities	25.58%
5	Other short-term liabilities, if any as a % of total assets	14.34%

(vi) Institutional set-up for liquidity risk management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Company also has lines of credit that it can access to meet liquidity needs. These are reviewed by the Asset Liability Committee (ALCO) on a monthly basis. The ALCO provides strategic direction and guidance on liquidity risk management. A sub-committee of the ALCO, comprising members from the Treasury and Risk functions, monitor liquidity risks on a monthly basis and decisions are taken on the funding plan and levels of investible surplus, from the ALM perspective. This sets the boundaries for daily cash flow management.

Definitions:

"Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

"Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

Public funds includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

Total assets represents total assets as per the Balance Sheet netted off by intangible assets.

48. Disclosures required as per RBI Circulars/Directives

Disclosure pursuant to Reserve Bank of India Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

AD. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at March 31, 2024

Particulars	1-7 Days	8-14 Days	15-31 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Advances*	4.25	0.83	10,064.24	10,906.51	11,085.18	35,635.29	78,030.73	338,978.49	318,850.87	169,977.45	973,533.84
Investments	-	-	-	10.80	4,244.98	6,512.94	-	-	-	-	10,768.73
Borrowings	1,532.90	3,264.08	8,121.85	10,759.34	15,839.99	37,739.73	77,076.81	292,020.55	160,395.98	19,381.61	626,132.84
Foreign Currency Liabilities	-	-	-	-	-	-	1,668.10	6,672.40	-	-	8,340.50

*The above advances excludes Inter-Corporate Deposits amounting to INR 20,306.14 lakhs as at March 31, 2024

As at March 31, 2023

Particulars	1-7 Days	8-14 Days	15-31 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Advances*	11.46	0.49	5,599.17	7,944.90	8,056.38	26,245.96	57,992.38	247,909.30	230,838.60	110,168.20	694,766.84
Investments	-	-	-	16.95	69.16	103.75	3,859.89	10,411.67	-	-	14,461.42
Borrowings	999.83	477.64	36,033.64	9,146.08	15,019.75	32,633.18	51,095.18	163,823.82	99,737.00	9,193.81	418,159.93
Foreign Currency Liabilities	-	-	-	-	-	-	-	3,286.80	4,930.20	-	8,217.00

*The above advances excludes Inter-Corporate Deposits amounting to INR 1,842.24 lakhs as at March 31, 2023

Notes:

- The balances considered are without netting of impairment loss allowance (for stage 1 and stage 2 assets) and effective interest rate adjustments
- The classification of various components of assets and liabilities into different time buckets disclosed in the "Asset Liability Management - Maturity pattern of certain items of assets and liabilities" table above is based on RBI Directions.

48. Disclosures required as per RBI Circulars/Directives

AE. Disclosures in respect of fraud as per the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs
Staff	-	-	-	-	-	-	-	-
Outsiders	4	2.00	2	2.29	-	-	6	4.29
Total	**4**	**2.00**	**2**	**2.29**	-	-	**6**	**4.29**
Type of fraud:								
Cash Mishandling**	-	-	-	-	-	-	-	-
Theft/Burglary	4	2.00	2	2.29	-	-	6	4.29
Others	-	-	-	-	-	-	-	-
Total	**4**	**2.00**	**2**	**2.29**	-	-	**6**	**4.29**

48. Disclosures required as per RBI Circulars/Directives

AF. Disclosures Pursuant to Reserve Bank of India Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5000 Crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2020, with the minimum LCR to be 60%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

Particulars	Quarter ended 30 June 2023		Quarter ended 30 September 2023		Quarter ended 31 December 2023		Quarter ended 31 March 2024	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks and unencumbered Government Securities)	25,147.15	25,147.15	23,392.89	23,392.89	24,723.90	24,723.90	23,675.28	23,675.28
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	21,196.97	24,376.51	15,302.91	17,598.35	14,950.59	17,193.18	18,075.71	20,787.07
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	6,641.61	7,637.85	5,919.44	6,807.36	6,840.30	7,866.34	7,974.12	9,170.23
	Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
8. Total cash outflows	**27,838.58**	**32,014.36**	**21,222.35**	**24,405.71**	**21,790.89**	**25,059.52**	**26,049.83**	**29,957.30**
Cash Inflows								
9. Secured Lending	21,761.66	16,321.25	23,746.75	17,810.06	25,729.97	19,297.48	27,837.29	20,877.97
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	90,193.58	67,645.18	89,566.44	67,174.83	116,682.42	87,511.81	104,475.96	78,356.97
12. Total cash inflows	**111,955.24**	**83,966.43**	**113,313.19**	**84,984.89**	**142,412.39**	**106,809.29**	**132,313.25**	**99,234.94**
13. Total HQLA		**25,147.15**		**23,392.89**		**24,723.90**		**23,675.28**
14. Total Net cash outflows		**8,003.59**		**6,101.43**		**6,264.88**		**7,489.33**
15. Liquidity Coverage Ratio (%)		**314%**		**383%**		**395%**		**316%**

48. Disclosures required as per RBI Circulars/Directives

AF. Disclosures in respect of fraud as per the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

Particulars	Quarter ended 30 June 2022		Quarter ended 30 September 2022		Quarter ended 31 December 2022		Quarter ended 31 March 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks and unencumbered Government Securities)	29,355.74	29,355.74	22,772.07	22,772.07	22,919.35	22,919.35	21,829.49	21,829.49
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	13,288.24	15,281.48	16,611.36	19,103.07	15,592.62	17,931.51	19,145.19	22,016.97
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	19,859.16	22,838.03	13,013.70	14,965.75	8,043.48	9,250.00	3,055.56	3,513.89
8. Total cash outflows	**33,147.40**	**38,119.51**	**29,625.06**	**34,068.82**	**23,636.10**	**27,181.51**	**22,200.75**	**25,530.86**
Cash Inflows								
9. Secured Lending	16,064.17	12,048.13	16,934.71	12,701.03	18,372.20	13,779.14	20,466.34	15,349.75
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	46,501.20	34,875.90	31,364.72	23,523.54	29,332.55	21,999.42	57,678.73	43,259.05
12. Total cash inflows	**62,565.38**	**46,924.03**	**48,299.43**	**36,224.57**	**47,704.75**	**35,778.56**	**78,145.07**	**58,608.80**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13. Total HQLA		**29,355.74**		**22,772.07**		**22,919.35**		**21,829.49**
14. Total Net cash outflows		**9,529.88**		**8,517.21**		**6,795.38**		**6,382.72**
15. Liquidity Coverage Ratio (%)		**308%**		**267%**		**337%**		**342%**

Notes:

1. The average weighted and unweighted amounts are calculated based on simple average of daily observations for the quarters ended June 30, 2023, September 30, 2023, December 31, 2023 and March 31, 2024. The weightage factor applied to compute weighted average value is constant for all the quarters.
2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4. The disclosures above are based on the information and records maintained and compiled by the management and have been relied upon by the auditors.
5. RBI has mandated minimum liquidity coverage ratio (LCR) of 60% to be maintained by December 2022, which is to be gradually increased to 100% by December 2024. The Company has LCR of 316% as of March 31, 2024 as against the LCR of 85% mandated by RBI.

Qualitative information:

1. The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.
2. LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days.
3. HQLAs comprise of cash on hand, demand deposits with Scheduled Commercial Banks and Unencumbered government securities.
4. Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).
5. Other cash inflows" include mutual funds and callable fixed deposits maturing within 30 days.
6. The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management Committee (ALCO) oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.
7. The Company maintains a funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments. There is no currency mismatch in the LCR. The above is periodically monitored by ALCO.

48. Disclosures required as per RBI Circulars/Directives

AG. Disclosure as per format prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated August 06, 2020 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 for the year ended March 31, 2024 (borrowers who has been provided restructuring under RBI Resolution Framework – 2.0):

Type of borrower**	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year (A)	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the year
Personal Loans	1,770.79	132.17	2.44	261.08	1,375.10
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	3,326.23	340.97	8.43	550.92	2,425.91
Total	**5,097.02**	**473.14**	**10.87**	**812.00**	**3,801.01**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

** Classification of borrowers is based on the data available with the Company and has been relied upon by the auditors. Above loans are secured wholly by mortgage of property.

Particulars	As at March 31, 2024	As at March 31, 2023
AH. Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021		
Details of Securitisation during the year Securitisation of Assets		
1. No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	13.00	15.00
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	109,052.11	96,153.62
3. Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	34,545.83	32,350.19
- Others	-	-
4. Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others (Receivables from SPV's for Assets De-recognised)	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
5. Sale consideration received for securitised assets and gain or loss on account of sale of Securitisation during the year	58,416.82	80,956.24
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.		
- First loss	34,545.83	32,350.19
- Others	-	-
7. Performance of facility provided (Credit Enhancement)		
(a) Amount Paid	-	-
(b) Repayment received	-	-
(c) Outstanding Amount	34,545.83	32,350.19
8. Average default rate of portfolio*		
(a) Loan agaisnt property	0.03%- 0.80%	0.03%- 0.80%
9. Additional/top up loan given on the same underlying asset.		
- Amount (Lakhs)	5,419.47	3,595.26
- Number	3,223.00	2,217.00
10. Investor Complaints		
(a) Received	-	-
(b) Outstanding	-	-

The Company had additionally consummated 2 transactions during the financial year ended March 31, 2021 under the partial credit guarantee scheme of the Government of India. The above disclosure does not include the details pertaining to these transactions. The amount payable towards such transactions as at March 2024 aggregates to INR 454.24 lakhs. (As at March 31, 2023 - INR 4015.56 lakhs) and first loss credit enhancement towards such transactions as at March 31, 2024 is INR 5,870.37 lakhs (As at March 31, 2023 - INR 6,119.65 lakhs)

*The period considered is from the date of initiation of the securitisation transactions till the period then ended.

AI. Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

Details of Assignments during the year

a). The Company has not transferred any loans during year ended March 31, 2024.

b). The Company has not acquired any loans (not in default) through assignment during the financial year ended March 31, 2024.

c). The Company has neither acquired nor transferred any stressed loans during the year ended March 31, 2024.

The securitised loans disclosed in the above notes (i.e 48-AH) do not qualify for de-recognition under Ind-AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

The Company has neither entered into any assignment transaction nor sold financial assets to Securitisation / Reconstruction Company for Asset Reconstruction. Hence the related disclosures are not applicable.

AJ. Disclosure pursuant to Reserve Bank of India Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

Comparison between Ind AS 109 provisions and IRAC Norms

As at 31 March 2024

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	908,327.22	3,576.96	904,750.26	3,801.94	(224.98)
	Stage 2	62,753.99	5,072.36	57,681.63	472.70	4,599.66
Subtotal		**971,081.21**	**8,649.32**	**962,431.89**	**4,274.64**	**4,374.68**
Non -Performing assets*						
Substandard	Stage 3	5,769.87	1,545.62	4,224.25	473.65	1,071.97
Subtotal for Substandard		**5,769.87**	**1,545.62**	**4,224.25**	**473.65**	**1,071.97**
Doubtful						
Upto 1 year	Stage 3	4,586.92	3,435.93	1,150.99	677.24	2,758.69
1 to 3 years	Stage 3	2,810.86	2,140.56	670.30	551.49	1,589.07
More than 3 years	Stage 3	116.34	86.52	29.82	44.75	41.77
Subtotal for doubtful		**7,514.12**	**5,663.01**	**1,851.11**	**1,273.48**	**4,389.53**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**13,283.99**	**7,208.63**	**6,075.36**	**1,747.13**	**5,461.50**
Total		**984,365.20**	**15,857.95**	**968,507.25**	**6,021.77**	**9,836.18**
As at 31 March 2023						
Performing assets						
Standard assets	Stage 1	618,839.49	2,030.55	616,808.94	2,665.36	(634.81)
	Stage 2	63,249.87	4,434.05	58,815.82	575.77	3,858.28
Subtotal		**682,089.36**	**6,464.60**	**675,624.76**	**3,241.13**	**3,223.47**
Non -Performing assets*						
Substandard	Stage 3	5,541.72	1,403.23	4,138.50	501.65	901.58
Subtotal for Substandard		**5,541.72**	**1,403.23**	**4,138.50**	**501.65**	**901.58**
Doubtful						
Upto 1 year	Stage 3	3,734.14	3,130.45	603.70	599.60	2,530.85
1 to 3 years	Stage 3	117.98	100.52	17.46	28.80	71.72
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**3,852.12**	**3,230.97**	**621.16**	**628.40**	**2,602.57**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**9,393.85**	**4,634.20**	**4,759.66**	**1,130.05**	**3,504.15**
Total		**691,483.21**	**11,098.80**	**680,384.42**	**4,371.18**	**6,727.62**

Note:Provision required as per IRACP norms includes provision calculated on Securitised portfolio

AK. In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) and accordingly, no amount is required to be transferred to impairment reserve.

On November 12, 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances.

Effective October 1, 2022, the Company implemented the requirements on upgradation of accounts classified as NPA as clarified in RBI Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications dated November 12, 2021 and February 15, 2022, on upgradation of accounts classified as NPA.

AL. Disclosures as per RBI/2022-23/26 DOR.ACC.REC.No/21.04.018/2022-23 dated April 19, 2022

S. No.	Sectors	As at 31 March 2024			As at 31 March 2023		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
i) Sector wise exposures*							
1. Agriculture and Allied Activities		-	-	0.00%	-	-	-
2. Industry		-	-	0.00%	-	-	0.00%
3. Services		-	-	0.00%	-	-	0.00%
Others		525,149.78	8,651.68	1.65%	461,713.93	6,617.95	1.43%
Total of Services		525,149.78	8,651.68	1.65%	461,713.93	6,617.95	1.43%
4. Personal Loans							
i) Housing Loans		42,308.79	180.76	0.43%	400.13	11.34	2.83%
Others		-	-	-	-	-	-
Total Personal Loans		42,308.79	180.76	0.43%	400.13	11.34	2.83%
5. Others (Specify)		396,600.49	4,451.55	1.12%	229,369.15	2,764.56	1.21%
Total		**964,059.06**	**13,283.99**	**1.38%**	**691,483.21**	**9,393.85**	**1.36%**

*The amounts disclosed above excludes Inter-Corporate Deposits amounting to INR 20,306.14lakhs as at March 31, 2024. (March 31, 2023 - INR 1,842.24 lakhs)

Particulars	Current Year	Previous Year
ii) Disclosure of complaints		
Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman		
Complaints received by the NBFC from its customers		
1. Number of complaints pending at beginning of the year	-	1
2. Number of complaints received during the year	32	13
3. Number of complaints disposed during the year	30	14
3.1. Of which, number of complaints rejected by the NBFC	-	-
4. Number of complaints pending at the end of the year	2	-
Maintainable complaints received by the NBFC from Office of Ombudsman		
5. Number of maintainable complaints received by the NBFC from Office of Ombudsman	120	78
5.1. Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	108	78
5.2. Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	1	-
5.3. Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	
6. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

S. No.	Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
Top five grounds of complaints received by the NBFCs from customers						
For the year ended 31 March 2024						
1	Foreclosure related	-	6	-25%	1.00	-
2	Staff Interaction / Collection related-	-	46	39%	9.00	-
3	Loans and Advances- Dues and Charges	-	17	113%	2.00	-
4	Closure & NOC related	-	30	200%	1.00	-
5	Moratorium related	-	9	-36%	-	-
6	Others	-	44	159%	-	-
Total		-	**152**	**69%**	**13.00**	-
For the year ended 31 March 2023						
1	Foreclosure related	-	8	100%	-	-
2	Staff Interaction / Collection related-	-	33	57%	-	-
3	Loans and Advances- Dues and Charges	-	8	-65%	-	-
4	Closure & NOC related	-	10	-55%	-	-
5	Moratorium related	-	14	133%	-	-
6	Others	1.00	17	-37%	-	-
Total		**1.00**	**90**	**-9%**	-	-

(iii). Related Party Disclosures

S. No. Related Parties / Items	Directors		Key Management Personnel		Others*		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Short-term employee benefits	-	-	1,435.03	1,316.88	-	-	1,435.03	1,316.88
2. Post employment benefits	-	-	0.88	0.88	-	-	0.88	0.88
3. Share based payment	-	-	1,053.19	1,860.56	-	-	1,053.19	1,860.56
4. Reimbursement of Expenses (from)	-	-	-	-	45.20	2,684.05	45.20	2,684.05
5. Issue of shares	-	-	8.91	0.03	-	-	8.91	0.03
6. Securities Premium	-	-	595.90	3.93	-	-	595.90	3.93
7. Directors sitting fees	35.60	50.70	-	-	-	-	35.60	50.70
8. Commission to Directors	37.50	30.00	-	-	-	-	37.50	30.00
9. Personal Guarantee received for Borrowings	-	-	-	41,500.00	-	-	-	41,500.00

* Comprises of transactions with entities with significant influence over the Company.

iv) Breach in Debt Covenants

There are no instances during the year ended March 31, 2024 and March 31, 2023 ,where the Company has breached the covenants on debt securities and on borrowings other than debt securities.

v) Divergence in Asset Classification and Provisioning

There has been no divergence in Gross NPAs as assessed by the Reserve Bank of India during the year ended March 31, 2024 and March 31, 2023.

49. Other statutory information

(i). The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii). The Company does not have transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 except for the following:

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding as at current period	Relationship with the struck off company, if any, to be disclosed	Balance outstanding as at previous period
F2Connect Private Limited	Internet Service Provider	0.01	NA	-

(iii). The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv). The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v). The Company borrows funds from various Banks and financial institutions for the purpose of onward lending to end customers as per the terms of such borrowings. These transactions are part of the Company's normal lending activities, which is conducted after exercising proper due diligence including adherence to the terms of credit policies and other relevant guidelines.

Other than the nature of transactions described above.

(i). No funds have been advanced or loans or invested by the Company to or in any other person(s) or entity(ies) ("intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi). The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

(vii). The Company is not declared as wilful defaulter by any bank or financial institution or any other lender.

(viii). The Company is maintaining its book of account in electronic mode and these books of account are accessible at all times and the back-up of books of account has been kept in servers physically located in India on a daily basis from the applicability date of the Accounts Rules, i.e. August 5, 2022 onwards.

(ix). Stage wise Overdue (DPD) based Loan disclosure

Particulars	Count	Stage 1	Stage 2	Stage 3	Total
As at March 31, 2023					
Gross carrying amount					
Accounts with No Overdues	329,110	864,576.58	691.66	272.06	865,540.30
Accounts with Overdues	56,861	43,750.64	62,062.33	13,011.93	118,824.90
Total	**385,971**	**908,327.22**	**62,753.99**	**13,283.99**	**984,365.20**
As at March 31, 2023					
Gross carrying amount					
Accounts with No Overdues	244,331	581,224.19	665.11	26.00	581,915.30
Accounts with Overdues	49,703	39,457.70	62,584.60	9,367.85	111,410.15
Total	**294,034**	**620,681.89**	**63,249.71**	**9,393.85**	**693,325.45**

*6,400 loan accounts in Stage 3 as on March 31, 2024 (March 31, 2023 - 3,166 loan accounts)

The above table includes Inter-Corporate Deposits amounting to INR 20,306.14 lakhs as at March 31, 2024 (INR 1,842.24 lakhs as at March 31, 2023)

50. Audit Trail as per MCA Requirement

The Company uses separate accounting applications for maintaining its books of accounts relating to general ledger and loan management. The general ledger application is a (SaaS), cloud-based service provided by a third party. The accounting application for maintaining its books of account has a feature of recording audit trail (edit log) facility in respect of the application and the same was enabled and operated through-out the year and the same was not tampered with at the application level. However, management is not in possession of Service Organisation Controls report to determine whether audit trail feature of the said application was enabled and operated throughout the year for all relevant transactions recorded in the application at a database level. In respect to the underlying database for SaaS application, any change to the supporting database can only be made using a service request to third party vendor support team. The management is in discussion with the third-party software service provider to report on the audit trail feature in their Service Organisation Controls report going forward.

For database supporting the loan management system, the audit trail feature does not exist. The Company is also in discussion with the vendor of the application to assess feasibility to enable such feature as per the requirements of regulation. The Company currently relies on alternate manual controls in place around reports produced from the loan management system.

51. Analytical ratios

a) Liquidity Coverage Ratio (LCR)

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2022, with the minimum LCR to be 60%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

Particulars	High Quality Liquid Assets ("HQLA")	Net cash outflows	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
Quarter ended March 31, 2024	23,675.28	7,489.33	316%	342%	-8%	-
Quarter ended March 31, 2023	21,829.49	6,382.72	342%	302%	13%	-

Particulars	Tier I Capital / Tier II Capital / Toal Capital	Net cash outflows	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
b) Capital adequacy ratios						
As at March 31, 2024						
CRAR	472,582.70	935,760.97	50.50%	67.17%	-25%	The decrease is on account of: (a) increase in Gross term loans and (b) increase in the risk weight of consumer credit advances from 100% to 125% vide RBI notification on consumer credit dated November 16, 2023.
CRAR - Tier I Capital	472,582.70	935,760.97	50.50%	67.17%	-25%	
CRAR - Tier II Capital	-	-	-	-	-	
As at March 31, 2023						
CRAR	390,860.96	581,897.51	67.17%	75.20%	-11%	NA
CRAR - Tier I Capital	390,860.96	581,897.51	67.17%	75.20%	-	
CRAR - Tier II Capital	-	-	-	-	-	

Particulars	Debt Securities	Borrowings (Other than debt securities
52. Change in liabilities arising from financing activities		
As at March 31, 2022	**100,853.38**	**155,029.75**
Cash flows (net)	(47,474.95)	217,049.79
Others*	(895.43)	165.37
As at March 31, 2023	**52,483.00**	**372,244.91**
Cash flows (net)	(19,375.01)	230,366.72
Others*	(3,572.61)	(562.50)
As at March 31, 2024	**29,535.38**	**602,049.13**

* Includes the effect of interest accrued but not due, amortization of processing fees etc.

As per our report of even date
for **S.R.Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**
Membership No:
210934

Place: Chennai
Date: April 30, 2024

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place: Chennai
Date: April 30, 2024

FIVE STAR
Business Finance Limited

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